

A G E N D A

UTAH BOARD OF WATER RESOURCES

Department of Natural Resources
1594 W. North Temple
Salt Lake City, Utah

January 28, 2005

1:00 p.m.

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES - December 10, 2004
- III. CHAIR'S REPORT
- IV. WATER SUPPLY OUTLOOK Randy Julander
- V. FEASIBILITY REPORTS County
 - E155 Centerville City Davis
 - L549 Elwood Town Box Elder
 - L550 Kamas City Summit
- VI. COMMITTAL OF FUNDS
 - E020 Center Creek Culinary Water Co. Wasatch
 - E132 Leeds Water Co. Washington
 - E149 Willow Creek Irr. Co. Sanpete
 - E152 Cedar Creek Irr. Co. Sanpete
 - E162 Ferron Canal & Res. Co. Emery
- VII. SPECIAL ITEMS
 - D802 Sand Creek Irr. Co. Wayne
 - (Partial Release of Water Rights)
 - E036 Uintah WCD (Reauthorization) Uintah
 - E159 Orem City (Bond Ins.: App. Summ., Utah
 - Feas. Rpt., & Comm. of Funds)
 - N222 Grantsville Irr. Co. (Amendment) Tooele
- VIII. DIRECTOR'S REPORT
- IX. NEXT BOARD MEETING - March 10, 2005 - St. George
- X. ADJOURNMENT

BRIEFING MEETING AGENDA

UTAH BOARD OF WATER RESOURCES

Department of Natural Resources
1594 W. North Temple
Salt Lake City, Utah

January 28, 2005

9:00 a.m.

- | | | |
|------|------------------------|------------------|
| I. | WELCOME/CHAIR'S REPORT | Chairman Shirley |
| II. | DISCUSSION OF PROJECTS | Board/Staff |
| III. | OTHER ITEMS | |

BOARD OF WATER RESOURCES

Revolving Construction Fund

Funding Status

January 28, 2005

Funds Available for Projects This FY \$ 5,510,000

Projects Contracted This FY

1 South Willard Water Co (Amend)	E119	\$	90,000
2 Chester Irr Co	E138		48,000
3 Deseret Irr Co (Amend)	E101		32,000
4 Piute Res & Irr Co (Piute Dam; Amend)	C022	Grant **	4,180,000
5 Piute Res & Irr Co (Piute Dam; Amend)	C022	Loan **	245,000
6 Otter Creek Reservoir Co (Amend)	C021		<u>25,000</u>

Total Funds Contracted	\$ 4,620,000
Funds Balance	<u>\$ 890,000</u>

Projects with Funds Committed

1 Kanab Irr Co	D968	\$	377,000
2 West Porterville Pipeline Co	E148		27,000
3 Kays Creek Irr Co (Adams Dam; Amend)	C001	Grant **	4,000
4 Huntington-Cleveland Irr Co	C024	Grant **	9,000
5 Piute Res & Irr Co (Piute Dam; Amend)	C022	Grant **	142,500
6 Piute Res & Irr Co (Piute Dam; Amend)	C022	Loan **	7,500
* 7 Cedar Creek Irr Co	E152		330,000
Commitments for Dam Safety Studies		**	<u>136,000</u>

Total Funds Committed	\$ 1,033,000
Funds Balance	<u>\$ (143,000)</u>

Projects Authorized

1 Deseret Irr Co	E056	\$	400,000
2 West Panguitch Irr & Res Co	E105		137,000
3 Hi-Country Estates Homeowners Assn	E127		406,000
4 M&M Irr Co	E136		<u>531,000</u>

Total Funds Authorized	\$ 1,474,000
Remaining Funds Available	<u>\$ (1,617,000)</u>

* To be presented at Board Meeting

** Dam Safety Projects

BOARD OF WATER RESOURCES

Cities Water Loan Fund

Funding Status

January 28, 2005

Funds Available for Projects This FY	\$ 2,368,000
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Bonds Closed This FY

Total Bonds Closed	\$ -
Funds Balance	\$ 2,368,000

Projects with Funds Committed

1	\$ -
Total Funds Committed	\$ -
Funds Balance	\$ 2,368,000

Projects Authorized

* 1 Kamas City	L550	\$ 1,170,000
* 2 Centerville City	E155	<u>156,000</u>
Total Funds Authorized		\$ 1,326,000
Remaining Funds Available		\$ 1,042,000

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

Conservation & Development Fund

Funding Status

January 28, 2005

Funds Available for Projects This FY \$ 15,089,000

Projects Contracted/Bonds Closed This FY

1 City of St. George (Bond Ins.)	E137	\$ 145,000
2 Hooper Irr Co (Press Irr, Phase I amend)	E060	85,000
3 Holliday Water Co	E122	1,500,000
4 MWD of Salt Lake & Sandy (Bond Ins.)	E134	<u>500,000</u>

Total Funds Contracted/Closed	\$ 2,230,000
Funds Balance	<u>\$ 12,859,000</u>

Projects with Funds Committed

1 Pleasant Grove City	E126	\$ 115,000
2 Lake Creek Irr Co (Ph 1)	E102	22,500
3 Ephraim Irr Co	E061	1,500,000
4 City of West Jordan (Bond Ins.)	E154	25,000
5 Payson City (Bond Ins.)	E156	74,000
6 MWD of Salt Lake & Sandy (Bond Ins.)	E157	450,000
* 7 Center Creek Culinary Water Co	E020	877,000
* 8 Willow Creek Irr Co	E149	1,048,000
* 9 Ferron Canal & Res Co	E162	750,000
* 10 Leeds Water Co	E132	1,006,000
* 11 Orem City (Bond Ins)	E159	<u>112,000</u>

Total Funds Committed	\$ 5,980,000
Funds Balance	<u>\$ 6,879,000</u>

Projects Authorized

1 Strawberry High Line Canal Co	D976	\$ 3,187,000
* 2 Uintah WCD (Island Ditch)	E036	342,000
3 Richland Nonprofit Water Co	E087	335,000
4 Lake Creek Irr Co (Ph 2)	E102	300,000
5 Tropic & East Fork Irr Co (Ph 2)	E104	220,000
6 West Point City	L546	410,000
7 Centerfield Town	L547	255,000
8 New Escalante Irr Co	E077	300,000
9 St George & Washington Canal Co	E129	11,000,000
10 Santaquin City	E147	1,000,000
11 Ashley Valley Res Co	E145	1,489,000
* 12 Elwood Town	L549	<u>1,445,000</u>

Total Funds Authorized	\$ 20,283,000
Remaining Funds Available	<u>\$ (13,404,000)</u>

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

January 28, 2005

ADDITIONAL ACTIVE PROJECTS			Fund	Est. Board Cost	Total Cost
Authorized or Committed Projects					
1 Davis & Weber Counties Cnl Co (Ph 4)	D674	C&D		\$ 10,379,000	\$ 12,211,000
2 Central Utah WCD (Prepay FY98,99,00)	D960	C&D		3,000,000	3,000,000
3 Weber Basin WCD (Secondary Irr, Ph 3-5)	E029	C&D		27,721,000	32,613,000
4 Davis & Weber Counties Cnl Co(Cnl Rehab)	E035	C&D		15,497,000	18,232,000
5 Hooper Irr Co (Press Irr, Ph 2-4)	E060	C&D		11,772,000	13,850,000
6 City of Cedar Hills	E099	C&D		31,200	31,200
Subtotal				\$ 68,400,200	\$ 79,937,200
Projects Under Investigation					
1 Keith Johnson	D996	RCF		\$ 37,500	\$ 50,000
2 Mayfield Irr Co	E067	RCF		187,500	250,000
3 Rock Dam Irr Co	E083	RCF		37,500	50,000
4 Mower Ditch Co	E133	RCF		135,000	180,000
5 Downs Ditch Water Co	E139	RCF		281,250	375,000
6 Co-Op Farm Irr Co	E140	RCF		374,250	499,000
7 Anderson, Felt, Winters Ditch Co	E141	RCF		148,500	198,000
8 Felt, Peterson, Slater Ditch Co	E142	RCF		148,500	198,000
9 Huntsville South Bench Canal Co	E143	RCF		258,750	345,000
10 Emmertsen Irr Co	E144	RCF		86,250	115,000
11 Huntsville Irr Co	E146	RCF		627,000	836,000
12 Vernon Irr Co	E158	RCF		37,500	50,000
* 13 West Cache Irr Co	E160	RCF		150,000	200,000
* 14 Strawberry High Line Canal Co	E163	RCF		187,500	250,000
15 Parowan City	E121	CWL		158,250	211,000
* 16 Millville City	L548	CWL		1,275,000	1,700,000
* 17 Town of Vernon	L551	CWL		189,000	252,000
18 Woodruff Irrigating Co	D680	C&D		600,000	800,000
19 Kane County WCD	D828	C&D		1,500,000	2,000,000
20 Uintah WCD (Leota Bench)	D944	C&D		750,000	1,000,000
21 Gunnison Butte Mutual Irr Co	E004	C&D		10,500,000	14,000,000
22 City of South Jordan (Secondary Irr)	E034	C&D		2,253,000	3,004,000
23 Hyrum Blacksmith Fork Irr Co	E047	C&D		1,230,000	1,640,000
24 East Juab County WCD	E071	C&D		375,000	500,000
25 Ferron Canal & Res Co	E082	C&D		2,625,000	3,500,000
26 Whiterocks Irr Co	E084	C&D		1,500,000	2,000,000
27 Logan, Hyde Park, Smithfield Canal Co	E096	C&D		1,301,250	1,735,000
28 Newton Water Users Association	E100	C&D		1,001,250	1,335,000
29 Town of Goshen	E109	C&D		240,000	320,000
30 Weber-Box Elder Conservation Dist	E113	C&D		9,750,000	13,000,000
31 Cottonwood Creek Consolidated Irr Co	E125	C&D		3,750,000	5,000,000
32 Alton Farmers Assoc	E128	C&D		1,650,000	2,200,000
33 Huntington-Cleveland Irr Co	E130	C&D		21,299,000	66,090,000
34 Fremont Irr Co	E131	C&D		1,500,000	2,000,000
35 Grantsville Irr Co	E150	C&D		321,000	428,000
Subtotal				\$ 66,464,750	\$ 126,311,000
TOTAL				\$ 134,864,950	\$ 206,248,200

* New Applications

BOARD OF WATER RESOURCES

January 28, 2005

INACTIVE PROJECTS

Long Term Large Water Conservation Projects

1 Sanpete WCD (Narrows Dam)	D377
2 Wayne County WCD	D494
3 Cedar City Valley Water Users	D584
4 Bear River WCD	D738
5 Upper Sevier River WCD	E098

BOARD OF WATER RESOURCES

Feasibility Report

Cities Water Loan Fund

Appl. No.: **E-155**

Received: 10/28/04

Approved: 11/5/04

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: ***CENTERVILLE CITY***

Mayor: Michael L. Deamer

LOCATION: The proposed project is located in Centerville in Davis County.

EXISTING CONDITIONS & PROBLEMS: The city currently supplies culinary water to about 4,300 connections, 80% of which are connected to a pressurized secondary irrigation system. Residents in the 73-home Chase Lane West Subdivision use culinary water both indoors and outdoors since a secondary system was not required when the subdivision was built in the 1970s, plus Weber Basin Water Conservancy District (WBWCD) was not able to provide secondary water to the area.

The city is planning to install a subsurface drainage system and resurface streets in the subdivision in early 2005. Subdivision residents would like to convert from culinary water use outdoors to secondary water at that same time, with WBWCD providing a water share to each connection.

The city intends to form a special service district and aid the subdivision by bonding to pay for the project.

PROPOSED PROJECT: The city is requesting financial assistance from the board to install a pressurized secondary irrigation system, connected to WBWCD's existing supply lines, in the Chase Lane West Subdivision. E S I

Engineering in Salt Lake City is providing technical assistance.

The project fits in Prioritization Category 2 (municipal project required to meet existing or impending need.)

COST ESTIMATE: The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	PVC Pipe			
	a. 6-inch	270 LF	\$ 14.00	\$ 3,780
	b. 4-inch	2,710 LF	10.00	27,100
2.	Valves & Fittings	LS	7,800	7,800
3.	Granular Fill	2,800 TN	7.50	21,000
4.	Saddle, Corp. Stop, & Valves	38 EA	450	17,100
5.	Service Lateral	1,200 LF	9.00	10,800
6.	Culinary Meter Replacement	50 EA	350	17,500
7.	Curb, Gutter, & Sidewalk Removal & Replacement	200 LF	45.00	9,000
8.	Landscape Restoration	LS	2,000	2,000
9.	Asphalt Repair	LS	15,000	15,000
	Construction Cost			\$ 131,080
	Contingencies			13,120
	Legal and Administrative			5,800
	Design and Construction Engineering			10,000
	Water Shares Purchase			34,000
	TOTAL			\$ 194,000

COST SHARING & REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 156,000	80%
Sponsor	38,000	20
TOTAL	\$ 194,000	100%

If the board authorizes the project, it is suggested the \$156,000 be repaid in 10 years at 5% interest with annual payments of approximately \$20,200, plus reserves of about \$3,400 the first 6 years.

FINANCIAL
FEASIBILITY:

Based on the board's water service affordability guidelines, Centerville residents could pay up to \$53.43 monthly for all water. The cost of water to Chase Lane West Subdivision residents with the proposed project in place will be:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
Culinary Water (City)	\$15,740	\$17.97
Secondary Water (WBWCD)	8,530	9.74
Proposed BWRe Loan	<u>23,600</u>	<u>26.94</u>
TOTAL	\$47,870	\$54.65

BENEFITS:

The 46 acre-feet that subdivision residents use annually on lawns and gardens will convert from city culinary water to WBWCD secondary water. The residents will pay \$85-100/year less for all water once the project is paid for.

PROJECT
SPONSOR:

Centerville City was incorporated May 4, 1915, has a current population of about 16,000, and has grown at an average annual rate of about 2.8% since 1990. The Governor's Office of Planning and Budget projects an annual growth rate of about 1.1% over the next 20 years. The Chase Lane West Subdivision will not change, however, as the area is built-out.

The city received \$310,000 from the board on two separate occasions, in the late 1980s and early 1990s, to help build culinary water system improvement projects; both those loans have been paid off. In the past two years the city received \$1,158,000 (\$1,142,000 loan and \$16,000 bond insurance grant) from the board to help build culinary water system improvement, sub-drain pipeline, and stream channel improvement projects; the loan will be paid off in 2020.

EASEMENTS:

The project will be installed in public rights-of-way.

ENVIRONMENTAL:

No permanent environmental impact is expected to occur.

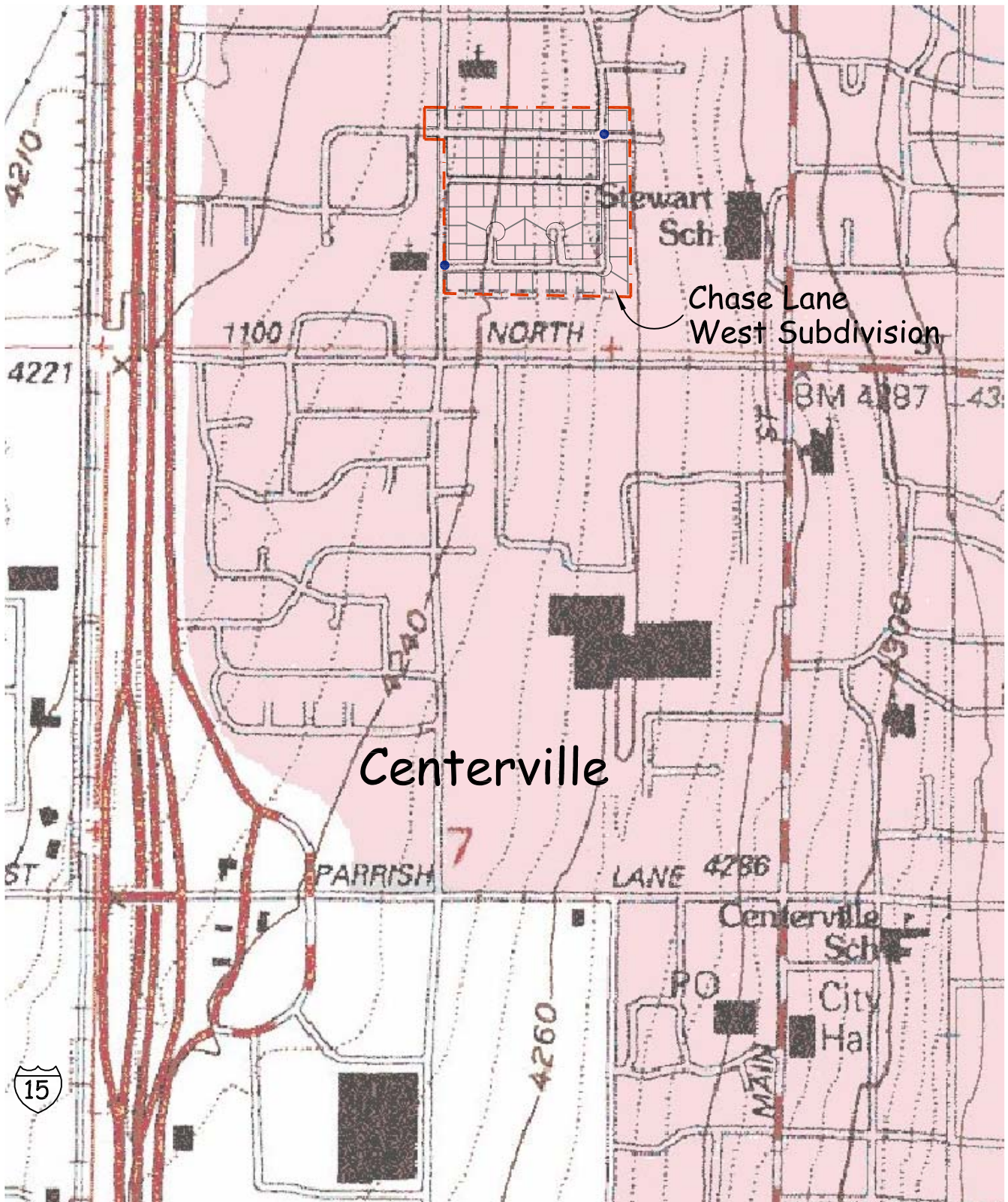
WATER The city has completed a water management and
CONSERVATION: conservation plan.

SPONSOR'S The city will be required to make all arrangements to
RESPONSIBILITIES: sell the board a non-voted revenue bond as well as
 verify it has adequate water rights and rights-of-way
 to construct the project. If the project is
 authorized, a list of requirements and procedures
 necessary to close the loan will be furnished to the
 city.

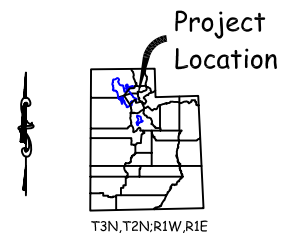
PROJECT Mayor: Michael L. Deamer
CONTACT 250 North Main
PEOPLE: Centerville, UT 84014
 Phone: (801) 295-3477

 Manager: Steve Thacker
 250 North Main
 Centerville, UT 84014
 Phone: (801) 295-3477

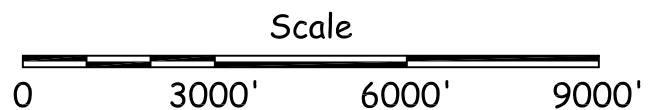
 City Engineer: Fredric T. Campbell
 E S I Engineering
 3500 South Main
 Salt Lake City, UT 84115
 Phone: (801) 263-1752



CENTERVILLE CITY
Chase Lane West Proposed Secondary System
Davis County



● Connection to Weber Basin
 Water Conservancy District



BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **L-549**
Received: 11/15/04
Approved: 12/10/04

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: ***ELWOOD TOWN***

Mayor: Greg Iverson

LOCATION: The proposed project is located in and east of Elwood, about 11 miles north of Brigham City in Box Elder County.

EXISTING CONDITIONS & PROBLEMS: Elwood currently supplies culinary water, through a system rated "Approved" by the Division of Drinking Water, to 265 connections. Most use the water indoors and outdoors, with only a few irrigating lawns and gardens with ditch water.

The culinary system consists of a spring collection system and two wells on the west side of the Wellsville Mountains, two 200,000 gallon concrete storage tanks, and about 24 miles of transmission and distribution pipeline.

The existing storage capacity and a number of older pipelines are too small to satisfy projected growth and fire flow requirements. One of the main transmission pipelines, installed around a bluff, is exposed in several areas due to ground erosion and is plagued by leaks. Because of these problems, the town has imposed a building moratorium on all new construction.

PROPOSED PROJECT: The town is requesting financial assistance from the board to construct a 500,000 gallon concrete storage tank and install about 7 1/2 miles of transmission and distribution pipeline. Hansen & Associates in

Brigham City will provide design and construction engineering services.

The project fits in Prioritization Category 2 (municipal project required to meet existing or impending need).

COST ESTIMATE: The following cost estimate is based on the engineer's preliminary design and has been revised by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u> <u>Price</u>	<u>Amount</u>
1.	500,000 Gal. Tank	LS	\$300,000	\$ 300,000
2.	PVC Pipe (C-900), Fittings, & Valves			
	a. 14-inch	12,500 LF	26.00	325,000
	b. 12-inch	10,000 LF	23.00	230,000
	c. 10-inch	5,200 LF	20.00	104,000
	d. 8-inch	10,500 LF	18.00	189,000
3.	HDPE Pipe, 14-inch	1,100 LF	100	110,000
4.	Asphalt Repair	LS	12,000	12,000
5.	Automated Meter Reading System	LS	66,000	<u>66,000</u>
Construction Cost				\$1,336,000
Contingencies				134,000
Land Purchase				10,000
Rights-of-Way Purchase				10,000
Legal and Administrative				30,000
Design and Construction Engineering				<u>180,000</u>
TOTAL				\$1,700,000

COST SHARING & REPAYMENT: The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$1,445,000	85%
Sponsor	<u>255,000</u>	<u>15</u>
TOTAL	\$1,700,000	100%

If the board authorizes the project, it is suggested the bonded indebtedness of \$1,445,000 be repaid in 25 years at 3.5% interest with approximate annual payments as follows (includes reserves):

<u>Years</u>	<u>Annual Payment</u>
1	\$ 65,000
2	69,200
3	73,700
4	78,500
5	83,600
6	89,000
7	94,800
8-24	101,000
25	107,000±

ECONOMIC
FEASIBILITY:

The proposed project is economically feasible if its cost is less than that of the best alternative. Since the proposed project will replace old pipelines, add needed storage capacity, and develop no new water supplies, there is no alternative to be considered. The benefit/cost ratio is therefore assumed to be 1.0.

FINANCIAL
FEASIBILITY:

Based on the board's water service affordability guidelines, Elwood residents could pay up to \$55.24 monthly for all water; they presently pay an average of about \$16.70. The cost of water with the proposed project, based on 323 projected system connections when the first annual payment is due, is as follows:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
Culinary Water (w/new rate structure)	\$ 127,000	\$32.77
Secondary Water	4,000	1.03
New Culinary O&M	7,400	1.91
Proposed BWRe Loan	<u>65,000</u>	<u>16.77</u>
TOTAL	\$ 203,400	\$52.48

Last November the town replaced its flat rate schedule with a progressive one. Current monthly culinary water rates are \$23.00 for the first 10,000 gallons, \$0.50 per thousand gallons to 20,000 gallons, \$0.75 per thousand to 30,000, and \$1.00 per thousand above that.

BENEFITS:

The project will replace old, small pipelines, provide for growth through 2025, and increase fire protection.

PROJECT Elwood Town was incorporated in 1933 and has
SPONSOR: experienced a modest average annual growth of 2.4% in
culinary water connections since 1985. Town
population has begun to increase dramatically,
however, with the subdividing of farmland, and the
area is now more of a bedroom community (due to
proximity to Tremonton, Brigham City, and Morton-
Thiokol) rather than an agricultural one.

The town received \$287,000 from the board in the mid-
1980s to help install culinary water transmission
pipeline; that loan has been paid off.

WATER RIGHTS The town's culinary water rights are:
& SUPPLY:

<u>Source</u>	<u>Right No.</u>	<u>Flow (cfs)</u>
Springs	29-2145	1.110
Well	29-2185	0.780
Well	29-3773	0.655
Well	29-1196	0.111

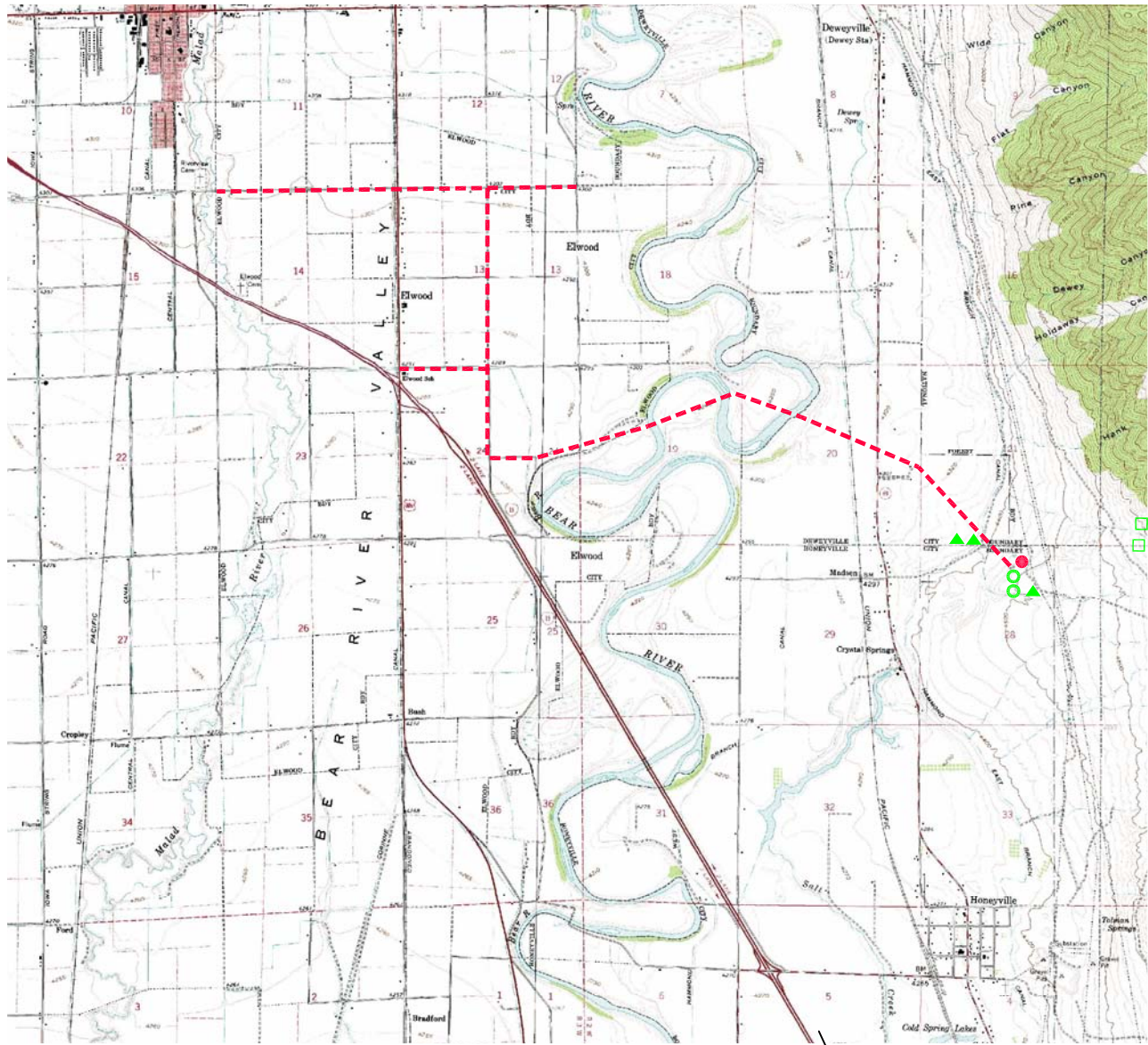
EASEMENTS: The town will need to purchase the storage tank site,
acquire easements through private property, and
obtain Corps of Engineers permits for three crossings
of the Bear River.

ENVIRONMENTAL: Some destruction of natural habitat will occur at the
tank site and along pipeline rights-of-way. Dust,
noise, and traffic interruption will occur during
construction.

WATER As conditions of project funding, the town will be
CONSERVATION: required to submit a Water Management and
Conservation Plan to the division for review and
approval, and adopt an ordinance prohibiting
pressurized irrigation of landscapes between the
hours of 10:00 a.m. and 6:00 p.m.

SPONSOR'S The town will be required to make all arrangements to
RESPONSIBILITIES: sell the board a non-voted revenue bond as well as
verify it has adequate water rights and rights-of-way
to construct the project. If the project is
authorized, a list of requirements and procedures
necessary to close the loan will be furnished to the
town.

PROJECT	Mayor:	Greg Iverson
CONTACT		4955 West 8000 North
PEOPLE:		Tremonton, UT 84337
		Phone: (435) 279-8473
	Council Member:	Neil Anderson
		8000 North 5325 West
		Tremonton, UT 84337
		Phone: (435) 257-0763
	Engineer:	Hansen & Associates, Inc.
		538 North Main
		Brigham City, UT 84302
		Phone: (435) 723-3491



~ 9 Miles To
Brigham City

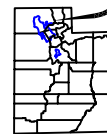
ELWOOD TOWN Culinary Water Project Box Elder County

- Existing Springs
- ▲ Existing Well
- Existing Storage Tank
- Proposed Storage Tank
- Proposed Pipelines

Scale in Feet
0 5000 10000



Project
Location
Box Elder Co.



T11N; R2W,R3W

BOARD OF WATER RESOURCES

Feasibility Report

Cities Water Loan Fund

Appl. No.: **L-550**
Received: 12/1/04

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: **KAMAS CITY**

Mayor: Lewis P. Marchant

LOCATION: The proposed project is located in Kamas, about 12 miles east of Park City in Summit County.

EXISTING CONDITIONS & PROBLEMS: Kamas currently supplies culinary water, through a system rated "Approved" by the Division of Drinking Water, to 556 connections. Most use the water indoors and outdoors, with only about 10% having access to a lawn and garden irrigation system run by a local irrigation company.

The culinary system consists of two springs, two wells, three 500,000 gallon storage tanks, and transmission and distribution pipelines. Two main lines under Main Street are plagued by multiple breaks and leaks.

PROPOSED PROJECT: The city is requesting financial assistance from the board to replace the main pipelines under Main Street with new, larger 12-inch pipe, and install new shutoff valves, fire hydrants, and service connections. Horrocks Engineers in Heber City will provide design and construction engineering services.

The project fits in Prioritization Category 2 (municipal project required to meet existing or impending need).

COST ESTIMATE: The following cost estimate is based on information provided by the engineer and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Mobilization	LS	\$50,000	\$ 50,000
2.	Ductile Iron Pipe & Fittings			
	a. 12-inch	7,100 LF	38.00	269,800
	b. 10-inch	100 LF	35.00	3,500
3.	Canal Crossing	LS	20,000	20,000
4.	Connection to Existing Pipeline	10 EA	2,500	25,000
5.	12-inch Butterfly Valve	24 EA	2,500	60,000
6.	Gate Valve			
	a. 10-inch	2 EA	2,200	4,400
	b. 8-inch	14 EA	2,000	28,000
7.	Fire Hydrant	14 EA	2,500	35,000
8.	Imported Fill Material	7,100 TN	13.50	95,850
9.	Service Connection	90 EA	1,800	162,000
10.	Asphalt Repair	43,200 SF	6.50	280,800
Construction Cost				\$1,034,350
Contingencies				103,650
Legal and Administrative				72,000
Design and Construction Engineering				166,000
TOTAL				\$1,376,000

**COST SHARING
& REPAYMENT:**

The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$1,170,000	85%
Sponsor	206,000	15
TOTAL	\$1,376,000	100%

If the board authorizes the project, it is suggested the bonded indebtedness of \$1,170,000 be repaid in 20 years at 5% interest with approximate annual payments as follows (includes reserves):

<u>Year</u>	<u>Payment</u>
1	\$ 94,000
2	94,000
3	94,000
4	95,000
5	96,000
6	97,000
7	97,000

8	98,000
9	99,000
10	89,000
11	91,000
12	92,000
13	92,000
14	93,000
15	94,000
16	97,000
17	188,000
18	191,000
19	194,000
20	177,000±

The significant increase in year 17 reflects an existing loan with the board being paid off in 2021.

The city requests a 20-year repayment period, 2.5% interest rate, and approximate annual payments as follows (includes reserves):

<u>Year</u>	<u>Payment</u>
1	\$ 75,500
2	75,500
3	76,000
4	76,000
5	76,000
6	76,000
7	78,000
8	78,000
9	78,000
10	78,000
11	80,000
12	80,000
13	80,000
14	80,000
15	80,000
16	80,000
17	100,000
18	100,000
19	100,000
20	100,000±

FINANCIAL
FEASIBILITY:

Based on the board's water service affordability guidelines, Kamas residents could pay up to \$34.76 monthly for all water. The cost of water with the proposed project, based on 556 existing connections and a 1.6% average annual growth rate as projected by the state Office of Planning and Budget (OPB), is as follows:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
Operation & Maintenance	\$ 89,070-120,424	\$13.14
Existing BWR Loan	52,000-88,000	7.67-10.23
Lawn & Garden Water (60 homes)	900	0.13-0.10
Proposed BWR Loan	<u>94,000-194,000</u>	<u>13.86-21.49</u>
TOTAL	\$235,970-315,324	\$34.80-34.40

The city's justification for smaller interest and annual payments is that, "Current market interest rates are low."

Current monthly culinary water rates are \$25.00 for the first 20,000 gallons, \$0.75 per thousand gallons to 50,000 gallons, \$1.25 per thousand to 100,000, \$1.75 per thousand to 300,000, \$2.25 per thousand to 500,000, and \$2.75 per thousand above that.

BENEFITS: The project will reduce breaks, leaks, and maintenance, improve flows and pressures by increasing Main Street pipe sizes, and improve fire protection.

PROJECT SPONSOR: Kamas was incorporated in 1911, has a population of about 1,500, and is projected by OPB to grow at an average annual rate of 1.6% through 2020.

The city received \$1,544,000 from the board in the mid-1990s to help build a culinary water well, tank, and pipeline project; that loan is being paid through 2021 with increasing annual payments.

WATER RIGHTS: Kamas owns the following approved water rights:
& SUPPLY:

<u>WRNUM</u>	<u>Source</u>	<u>Flow (cfs)</u>	<u>Volume (ac-ft)</u>
35-5520	Cedar Gulch Spring/Wells	1.86	196.26
35-5527	"	0.1764	86.1
35-8876	"	0.02	14.5`
35-8877	"	0.18	30.6
35-8900	"	0.20	78.6
35-8897	Elder Hollow Spring/Wells	0.133	
35-8952	Wells (2)	0.04	
35-9389	Well		100.0
A15318	Allows the use of two wells as substitute sources for the spring rights.		

EASEMENTS: The project will be installed on the side of Main Street.

WATER Although the city has an escalating water rate
CONSERVATION: structure, staff recommends the city consider
 significantly reducing the volume of water in each
 block.

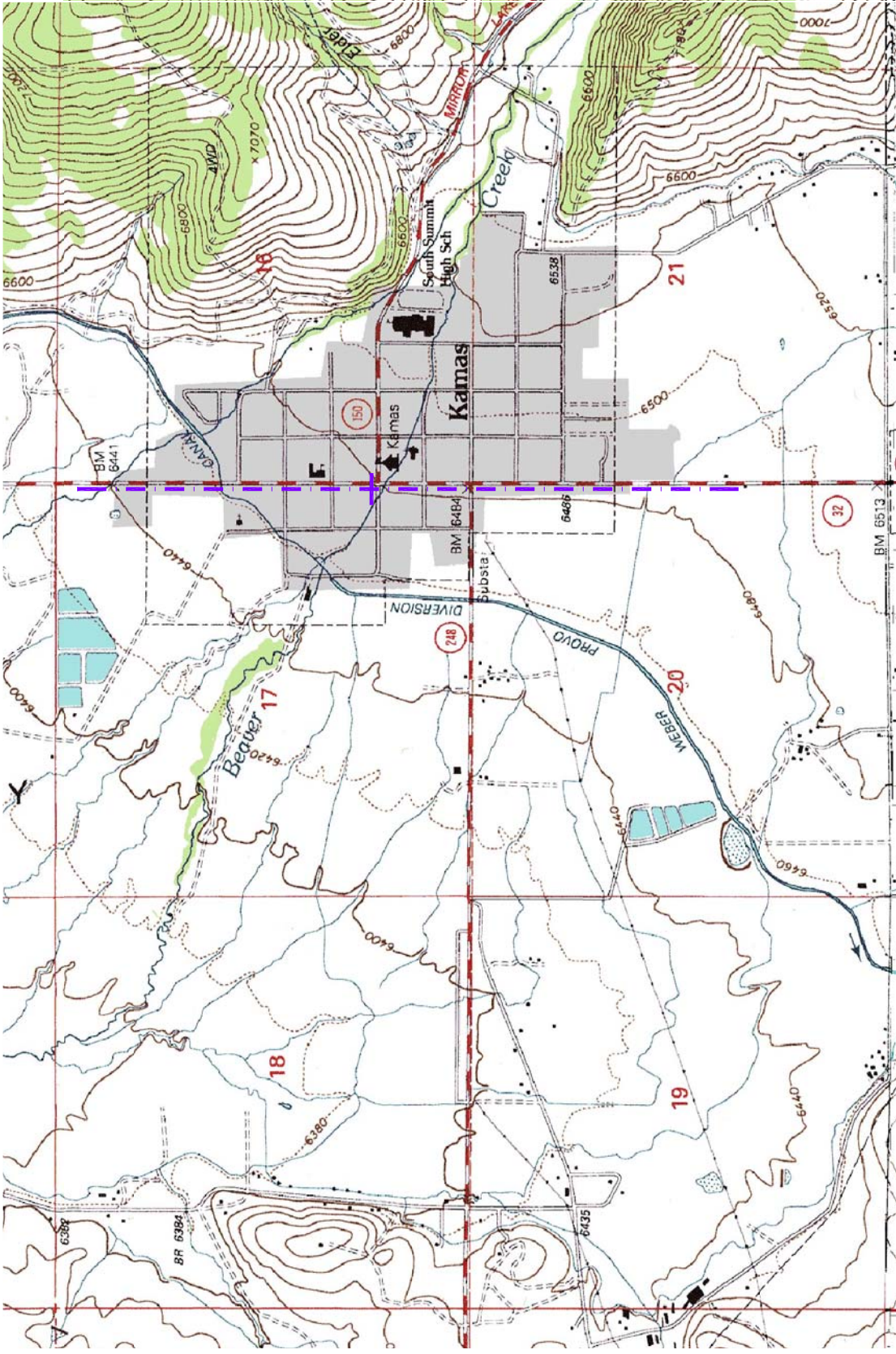
The city is current with its water management and conservation plan and has worked with the local irrigation company in looking at a possible future pressurized lawn and garden system.

As a condition of project funding, the city will be required to adopt an ordinance prohibiting pressurized irrigation of landscapes between the hours of 10:00 a.m. and 6:00 p.m.

SPONSOR'S The city will be required to make all arrangements
RESPONSIBILITIES: to sell the board a non-voted revenue bond as well
 as verify it has adequate water rights and rights-of-
 way to construct the project. If the project is
 authorized, a list of requirements and procedures
 necessary to close the loan will be furnished to the
 city.

PROJECT Mayor: Lewis P. Marchant
CONTACT 170 North Main Street
PEOPLE: Kamas, UT 84036
 Phone: (435) 783-4630

Engineer: Horrocks Engineers
 728 West 100 South #2
 Heber City, Utah 84032
 Phone: (435) 654-2226



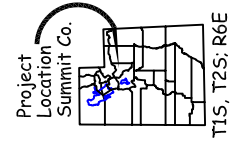
Proposed
Pipeline



KAMAS CITY

Culinary Water System Improvements

Summit County



T1S, T2S, R6E

BOARD OF WATER RESOURCES

Committal of Funds

Conservation and Development Fund

Appl. No.: **E-020**
Received: 11/22/99
Approved: 12/10/99
Authorized: 3/9/00
Reauthorized: 8/13/04

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: **CENTER CREEK CULINARY WATER COMPANY**

President: Duane Sweat
2636 S. Old Settlers Road
Heber City, UT 84032
Phone: (435) 654-0137

LOCATION: The proposed project is located about three miles southeast of Heber City in Wasatch County.

PROJECT SUMMARY: The sponsor is requesting financial assistance from the board to improve its culinary water system by redeveloping two springs, constructing a 300,000 gallon concrete storage tank, installing about three miles of ductile iron distribution pipeline, purchasing interest in a well being drilled, and tying the well into the culinary system.

COST ESTIMATE & SHARING: The proposed cost estimate and sharing remain the same as reauthorized:

<u>Agency</u>	<u>Cost</u> <u>Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 877,000	75%
Sponsor	<u>293,000</u>	<u>25</u>
TOTAL	\$1,170,000	100%

PURCHASE
AGREEMENT:

If the board commits funds to the project, it is proposed the purchase agreement remain as reauthorized: the project will be purchased in 30 years at 1% interest according to the following schedule:

<u>Years</u>	<u>Approximate Annual Payment</u>
1-5	\$ 16,500
6-10	23,000
11-15	31,000
16-20	39,000
21-25	47,000
26-30	54,000

BOARD OF WATER RESOURCES

Committal of Funds

Conservation and Development Fund

Appl. No.: **E-132**
Received: 2/4/04
Approved: 3/11/04
Authorized: 8/13/04
Reauthorized: 12/10/04

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: **LEEDS WATER COMPANY**

President: Ned Sullivan
P.O. Box 460970
Leeds, UT 84746
Phone: (435) 879-2589

LOCATION: The proposed project is located west of and within the town of Leeds, about 16 miles northeast of St. George in Washington County.

PROJECT SUMMARY: The board authorized a project to replace the sponsor's two miles of unlined transmission ditch (carrying irrigation water to 190 agricultural acres and 70 acres of lawns and gardens in and around Leeds) with 12-inch pipe, and install approximately five miles of 12 through 4-inch pipeline in town to provide pressurized irrigation.

The transmission ditch runs past the historic Silver Reef area and some of its residents have voiced concern regarding impacts of the proposed pipeline project. Water Resources board members, water company officials, the project engineer, and several concerned residents have met to discuss the project.

The company feels individual shareholders may be willing to sell a limited number of water shares to Silver Reef residents. If shares are purchased, the sponsor will provide a pipeline turnout. As with all company shareholders, those in the Silver Reef area would be responsible for installing facilities to

distribute water throughout the areas to be irrigated.

Before water could be used in the Silver Reef area, the State Engineer would have to approve a change in place of use application (which the company will be required to file), and a corresponding number of acres retired in the sponsor's adjudicated area.

The process of obtaining a special use permit from the Forest Service is continuing. The sponsor plans to first construct that portion of the irrigation system below the forest boundary.

COST ESTIMATE
& SHARING:

The cost estimate and sharing for the project are the same as reauthorized:

<u>Agency</u>	<u>Reauthorized Cost Sharing</u>	<u>% of Total</u>
BWRe	\$1,006,000	89%
Sponsor	<u>125,000</u>	<u>11</u>
TOTAL	\$1,131,000	100%

PURCHASE
AGREEMENT:

If the board commits funds to the project, it is proposed the purchase agreement remain as reauthorized: the \$1,006,000 will be returned at 1% interest over 30 years with annual payments of approximately \$39,000.

STAFF
COMMENT:

Board funds will only be used on those portions of the project off Forest Service property until the special use permit is obtained.

BOARD OF WATER RESOURCES

Committal of Funds

Conservation and Development Fund

Appl. No.: **E-149**
Received: 7/2/04
Approved: 8/13/04
Tabled: 9/24/04
Authorized: 11/5/04

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: **WILLOW CREEK IRRIGATION COMPANY**

President: Quay Mecham
22 North 200 East
Axtell, UT 84621
Phone: (435) 286-4880

LOCATION: The proposed project is located in and around the unincorporated community of Axtell, about eight miles south of Gunnison in Sanpete County.

PROJECT SUMMARY: The sponsor is requesting financial assistance from the board to construct a pressurized irrigation system to serve 1,200 acres of farmland and up to 117 homes' lawns and gardens. The project will include a 20 acre-foot regulating pond and about 11 miles of transmission and distribution pipeline.

COST ESTIMATE & SHARING: The proposed cost estimate and sharing remain the same as authorized:

<u>Agency</u>	<u>Cost</u> <u>Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$1,048,000	85%
Sponsor	<u>185,000</u>	<u>15</u>
TOTAL	\$1,233,000	100%

PURCHASE
AGREEMENT:

If the board commits funds to the project, it is proposed the purchase agreement remain as authorized: the project will be purchased in 25 years at 1% interest with annual payments ranging from approximately \$45,100 to \$50,600.

BOARD OF WATER RESOURCES

Committal of Funds

Revolving Construction Fund

Appl. No.: **E-152**
Received: 9/15/04
Approved: 9/24/04
Authorized: 12/10/04

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: **CEDAR CREEK IRRIGATION COMPANY**

President: Mark Ray Sorensen
P.O. Box 113
Spring City, UT 84662
Phone: (435) 462-3010

LOCATION: The proposed project is located about two miles northeast of Spring City in Sanpete County.

PROJECT SUMMARY: The sponsor is requesting financial assistance from the board to install a gravity pressurized irrigation system that will include a regulating pond and approximately 8.5 miles of pipeline for irrigation and stockwatering.

COST ESTIMATE & SHARING: The proposed cost estimate and sharing remain the same as authorized:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$330,000	88%
Sponsor	<u>45,000</u>	<u>12</u>
TOTAL	\$375,000	100%

PURCHASE AGREEMENT: If the board commits funds to the project, it is proposed the purchase agreement remain as authorized: the project will be purchased with annual payments of \$15,800 at 0% interest over approximately 21 years.

BOARD OF WATER RESOURCES

Committal of Funds

Conservation and Development Fund

Appl. No.: **E-162**

Received: 10/7/96

Approved: 10/25/96

Authorized: 10/30/98

Committed (Molen Group): 12/14/01

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: **FERRON CANAL & RESERVOIR COMPANY**

President: Tracy Behling
P.O. Box 256
Ferron, UT 84523
Phone: (435) 384-2990

LOCATION: The proposed project is located in the agricultural areas surrounding the communities of Ferron and Clawson, about ten miles south of Castle Dale in Emery County.

PROJECT SUMMARY: The board authorized a six-phase, \$16.32 million project to replace the sponsor's open ditch irrigation system with gravity pressurized pipe systems. The project includes about 175 miles of pipe, 7,600 riser valves, a connection to Millsite Reservoir's outlet pipe, and several small regulating ponds.

Four phases (South Ditch, North Ditch, KZDF, and Rock Canyon Ditch Groups) were completed with funding from the federal government and local irrigators. Pipe for another phase (Molen Ditch Group) was purchased using federal funds, with its fittings and installation funded using \$2 million from the board.

When the board committed its \$2 million, staff stated that when the final project phase (Clawson Ditch Group) got ready for construction, it would be built using remaining federal funds and that, "The sponsor may need funds from the board to supplement federal

monies and its own resources." The sponsor is ready to proceed with the Clawson Ditch Group project, has purchased pipe with the final allotment of federal grant funds, and requests financial assistance from the board to install the project.

COST ESTIMATE
& SHARING:

The proposed cost estimate and sharing for the final phase are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
BWRe	\$ 750,000	22%
BuRec (Salinity Gr.)	1,300,000	39
Dept. of Ag. (EQIP Grant)	1,025,000	30
Sponsor	<u>300,000</u>	<u>9</u>
TOTAL	\$3,375,000	100%

PURCHASE
AGREEMENT:

The purchase agreement authorized by the board requires board assistance to be returned at 3% interest over not more than 25 years with annual payments to be determined at time of committal of funds. If the board commits funds to the Clawson Group project, it is proposed the \$750,000 be returned at 3% interest over 25 years with annual payments of approximately \$43,100.

BOARD OF WATER RESOURCES

Special Item

Request for Partial Release of Water Rights

Appl. No.: **D-802**

Contract Date: 9/27/93

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: **SAND CREEK IRRIGATION COMPANY**

President: Scott Chesnut
P.O. Box 750071
Torrey, UT 84775
Phone: (435) 425-3506

SUMMARY: In 1993 the board provided about \$125,500 (80%) to the sponsor to help construct a diversion structure and three miles of irrigation transmission pipeline. The current balance of about \$68,300 is being returned to the board with annual payments of \$5,500 at 0% interest through 2017.

The board has title to the sponsor's water rights, totaling 6.5 cfs. A portion of those rights is designated for use by Torrey Town, which needs to develop additional water sources and would like to use the portion for that purpose. Under advisement from the State Engineer's Office, the sponsor has agreed to deed 0.401 cfs of Water Right No. 95-1715 to the town. The sponsor requests the board release 0.401 cfs (6.2%) of the rights held by it (see attached letter).

STAFF
RECOMMENDATION: Since the proposed release would leave the board with just over 6 cfs (93.8%) of the sponsor's rights and the sponsor has paid off 47% of board assistance, staff recommends the board approve the sponsor's request.

Details of the transfer will be worked out by staff and legal counsel of the board and sponsor.

BOARD OF WATER RESOURCES

Special Item

Feasibility Report (Reauthorization)

Conservation and Development Fund

Appl. No.: **E-036**

Received: 7/11/00

Approved: 8/4/00

Authorized: 9/22/00

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: **UINTAH WATER CONSERVANCY DISTRICT**

Chairman: Herb Snyder

LOCATION: The proposed project is located 2½ miles west and 3½ miles north of Vernal in Uintah County.

SUMMARY: The sponsor serves water wholesale to municipal and industrial entities, and several irrigation companies; approximately 14,000 agricultural acres in Ashley Valley are irrigated with water delivered by the sponsor.

Since the Vernal Unit of the Central Utah Project (CUP) was completed, the sponsor has had difficulty delivering water to farms on the upper side of Ashley Valley, which comprise about 37% (5,000 acres) of the land serviced by the Vernal Unit. The Ashley Upper Canal, Highline Canal, and Colton Ditch Canal are all above the Vernal Unit's Steinaker Reservoir. Because of this, these canals rely on direct flow from Ashley Creek for diversion. As the irrigation season progresses, there is not enough flow in the creek to satisfy storage rights held in Steinaker Reservoir by these canal companies, and the primary water rights in the creek that belong to other users.

In an average year, the sponsor is able to deliver about 60% of the needed water to the aforementioned upper lands, with the farmers producing about 80% of the crop yield of their counterparts on the lower

side of Ashley Valley. Dry seasons as have been common the past several years exacerbate the problem: the average flow in Ashley Creek is about 96 cfs at the end of July; last year it was 69 cfs and has been as low as 28 cfs (2002). In 2002 the farmers lost the third cutting of alfalfa on 3,000-4,000 acres. The sponsor has sufficient water to service these areas, but the existing facilities can't deliver it.

In 2000 the board authorized \$720,000 (80%) to the sponsor to help build a project consisting of two components. The first project consisted of a pipeline, from the bypass pipeline at the Ashley Valley Water Purification Plant to Ashley Creek, to exchange unused M&I water with irrigation water rights in Ashley Creek. The second project consisted of installing a pump station where the Island Ditch crosses the Steinaker Service Canal. The sponsor could then pump water from that canal back up the Island Ditch Pipeline to the Thornburgh Diversion where it can be diverted through the Rockpoint Extension to provide water to irrigate the lower farms, thereby allowing the Ashley Upper and Highline canals to divert more water from Ashley Creek at their diversion upstream of the Thornburgh Diversion.

The first project has been constructed and paid for by the sponsor.

PROPOSED
PROJECT:

The sponsor is now requesting financial assistance from the board to construct just the second project. Engineering is being done by Bowen, Collins & Associates in Draper.

The project fits in Prioritization Category 3 (agricultural project that will provide significant economic benefit).

COST ESTIMATE:

The following cost estimate is based on the engineer's preliminary design and has been revised by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Mobilization	LS	\$25,000	\$ 25,000
2.	Dewatering	LS	13,000	13,000
3.	Excavation			
	a. Building	1,200 CY	8.50	10,200
	b. Pipe Trench	180 CY	20.00	3,600
4.	Pipe Trench Backfill	150 CY	30.00	4,500
5.	Crushed Gravel	2,100 TN	7.00	14,700
6.	Concrete			
	a. Cast-in-Place	100 CY	520	52,000
	b. Precast	LS	9,200	9,200
7.	Slide Gates	LS	5,000	5,000
8.	Rotating Drum Screens	LS	7,000	7,000
9.	Vertical Turbine Pumps	LS	106,000	106,000
10.	Manifold & Piping	LS	105,000	105,000
11.	Flow Meter	LS	8,000	8,000
12.	Surge Tank	LS	40,000	40,000
13.	Electrical System	LS	96,000	96,000
14.	Masonry Building	LS	19,000	19,000
15.	Chain Link Fence	LS	6,000	6,000
Construction Cost				\$ 524,200
Contingencies				52,800
Legal and Administrative				15,000
Design and Construction Engineering				80,000
Land Purchase				15,000
Island Ditch Pipeline*				<u>155,000</u>
TOTAL				\$ 842,000

*The board assisted the Island Ditch Company in the late 1990s with a pressurized pipeline project, part of which included upsizing and increasing the pressure rating of the Island Ditch Pipeline. The Uintah Water Conservancy District, in anticipation of and preparation for the proposed project described herein, provided \$155,000 for the Island Ditch Pipeline work and requests the board consider that to be part of the proposed project.

COST SHARING
& REPAYMENT:

The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$342,000	41%
Bureau of Reclamation (Proposed 2025 Grant)	300,000	36
Sponsor	<u>200,000</u>	<u>23</u>
TOTAL	\$842,000	100%

If the board authorizes the project, it is suggested the \$342,000 be repaid in 10 years at 5% interest with annual payments of approximately \$44,300.

The sponsor requests annual payments of \$15,000, which would require approximately 39 years at 3% interest, approximately 31 years at 2%, or approximately 26 years at 1%.

ECONOMIC
FEASIBILITY:

The project is economically feasible if increased net farm income produced with the additional water supply is greater than the cost of constructing and operating the project. Having additional water available to farmers for 5,000 acres during July, August, and September will increase annual net farm income by \$106,400. Operation costs will increase by \$30,000, all for new pumping. Maintenance costs will increase slightly as will the cost of replacing pump components over the 50-year life of the project.

The benefit/cost ratio for this project calculated in 2000 was 1.28. Since then two things have changed. The interest rate used to discount future benefits and cost to present value has been updated, which resulted in an increase from 3.9% to 5.67%. Additionally, due to work done by the sponsor, the proposed project cost has decreased. The combined effect of these two changes brings the benefit/cost ratio for the current project to 1.16.

FINANCIAL
FEASIBILITY:

Annual net benefits are computed as follows:

Increased Crop Production	\$106,400
Less Estimated Pumping Costs, O&M	<u>-42,400</u>
ANNUAL NET BENEFIT	\$ 64,000

With the proposed board plus grant share of the project being 77%, it can be argued that the sponsor's repayment ability should be 77% of the

annual net benefit, or \$49,300. Because that amount would yield a repayment period (at any interest rate) less than the board's traditional minimum of ten years, staff suggests the board fix the period at ten and the interest rate at 5%. The resulting approximate annual payment of \$44,300 is 69% of the net benefit.

The main reason the suggested repayment terms are substantially different from those authorized (\$51,000 annual payments, 3% interest, approximately 19 years) is the annual net benefit is the same, but the amount requested from the board is \$342,000 instead of \$720,000.

The sponsor's justification for a \$15,000 annual payment is that its shareholders have stated the cost/share to return board financial assistance must be less than \$1.00. Although not all shareholders will benefit from the project, they are willing to assist in creating equity among all.

BENEFITS:

The proposed project will benefit 37% (5,000 acres) of the land irrigated by water provided by the sponsor, which anticipates pumping up to 1,800 acre-feet annually to the Thornburgh Diversion. The project will also enable the sponsor to convert additional irrigation water to M&I water as needed.

PROJECT
SPONSOR:

The Uintah Water Conservancy District was formed to sponsor construction of the Vernal Unit and later the Jensen Unit of the CUP. The Vernal Unit, where the proposed project is located, was built by the Bureau of Reclamation in the 1960s and consists of Steinaker Reservoir, the Fort Thornburgh Diversion Dam, and the Steinaker Feeder and Service Canals. The Vernal Unit, consisting of 17,900 shares of stock in Steinaker Reservoir, originally supplied supplemental irrigation water to 14,700 acres; there are currently about 13,000 acres that receive such water, with a 1,600 acre-feet exchange for M&I water for the Vernal area.

The sponsor has not received financial assistance from the board in the past.

WATER RIGHTS
& SUPPLY:

The Bureau of Reclamation holds title to the water rights associated with the Vernal and Jensen units:

<u>WR No.</u>	<u>Source</u>	<u>Flow (cfs)</u>	<u>Storage (ac-ft)</u>
45-97	Brush Creek	30.0	10,000
45-3369	Brush Creek		35,000
45-3489	Brush Creek		40,000
45-1977	Ashley Creek	2.5	
45-2049	Ashley Creek		31,458
45-2144	Steinaker Draw		2,715

EASEMENTS: Land will be purchased for construction of the pump station.

ENVIRONMENTAL: Other than disturbance to the pump station site, no permanent environmental impact is expected to occur.

WATER CONSERVATION: The sponsor has prepared a water management and conservation plan which has been reviewed by staff.

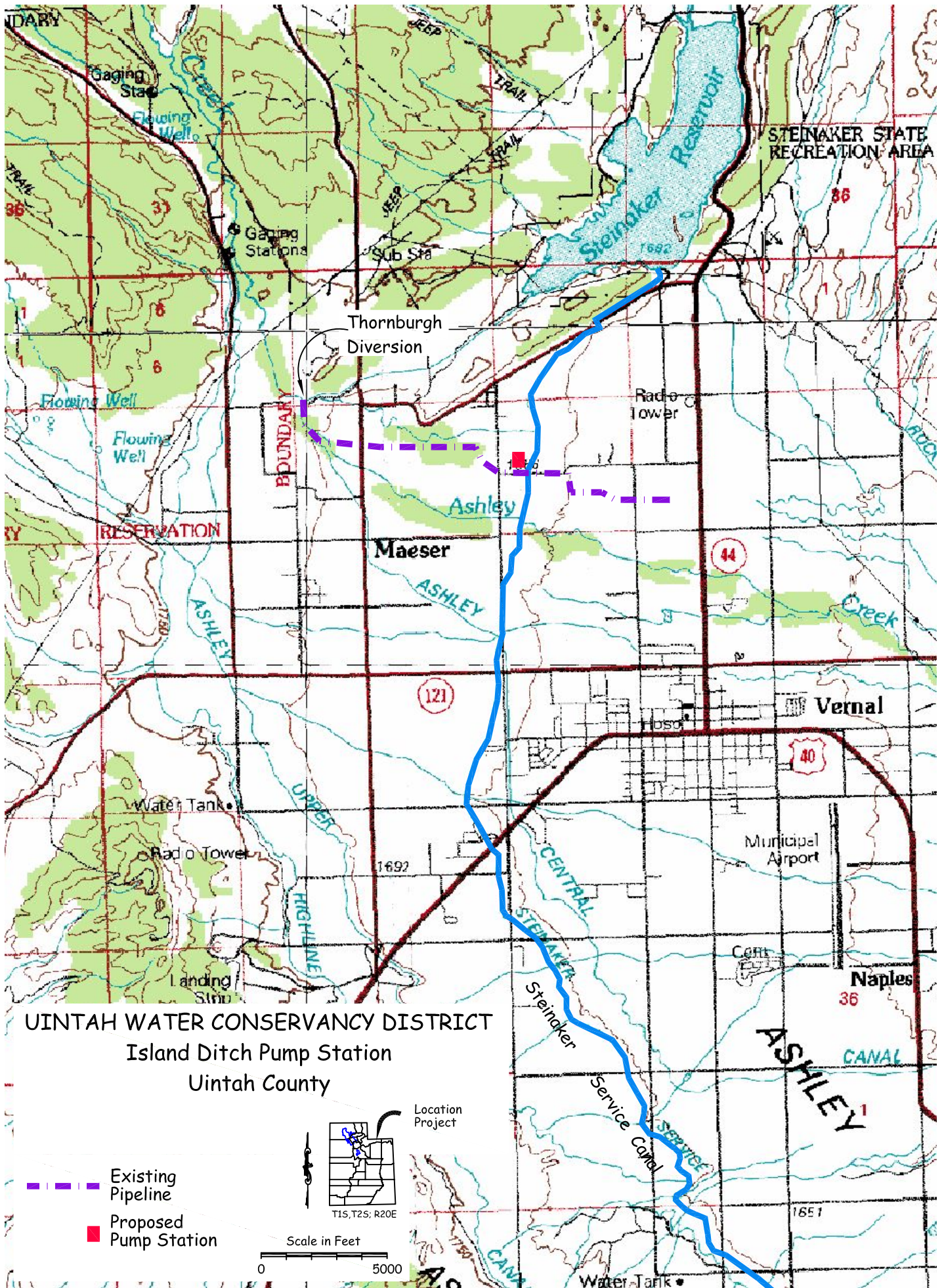
SPONSOR'S RESPONSIBILITIES: The district will be required to make all arrangements to sell the board a bond as well as verify it has adequate water rights and rights-of-way to construct the project. If the project is reauthorized, a list of requirements and procedures necessary to close the loan will be furnished to the district.

PROJECT CONTACT PEOPLE:

Chairman: Herb Snyder
78 West 3325 North
Vernal, UT 84078
Phone: (435) 789-1651

General Manager: Scott Ruppe
78 West 3325 North
Vernal, UT 84078
Phone: (435) 789-1651

Engineer: Bowen, Collins & Associates
12257 S. Business Park Dr. #160
Draper, UT 84020
Phone: (801) 495-2224



BOARD OF WATER RESOURCES

Special Item

Application Summary, Feasibility Report, and Committal of Funds

Conservation and Development Fund

Appl. No.: **E-159**

Received: 12/3/04

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: **OREM CITY**

Mayor: Jerry Washburn
56 North State Street
Orem, UT 84057
Phone: (801) 229-7000

LOCATION: Orem City is located in central Utah County. It was incorporated in 1919 and has a population of over 90,000.

SUMMARY: Orem is in need of additional culinary water storage, and is also planning to replace old, leaky pipelines when it repairs and upgrades some city streets. In cooperation with the Central Utah Water Conservancy District (CUWCD), the city will construct a 20-million gallon tank on its east bench at a cost of almost \$19 million; CUWCD will pay half the cost. The pipeline portion of the city's project will consist of about 12 miles of 14 to 6-inch pipe at a cost of about \$6 million.

Orem's plan for financing the improvements is, 1) \$12.2 million water revenue bond, 2) \$9.32 million from CUWCD, 3) \$3 million loan from Drinking Water Board, and 4) grant of \$112,000 from Board of Water Resources.

REQUEST: The city is requesting the board provide a grant of \$112,000 to purchase bond insurance. The insurance will reduce the interest rate about 0.24% (4.087% effective interest rate) and save the city

approximately \$859,000 in interest payments over the bond's repayment period.

ECONOMIC
FEASIBILITY:

The benefit/cost ratio is assumed to be 1.0.

BOARD OF WATER RESOURCES

Special Item

Contract Modifications

Appl. No.: **N-222**

To be Presented at the January 28, 2005 Board Meeting

SPONSOR: **GRANTSVILLE IRRIGATION COMPANY**

President: Joe W. Peterson
49 East Durfee
Grantsville, UT 84029
Phone: (435) 884-5568

SUMMARY: In the mid-1980s the board provided about \$9.2 million (included engineering) to the sponsor for a 3,400 acre-foot reservoir and pressurized irrigation system designed to serve 2,800 acres of farms and 800 acres of Grantsville City lawns and gardens. Board funds were to be returned at an interest rate of about 4% over 50 years.

In 1992 the board approved modifications to its contract with the sponsor because it had been determined the original repayment terms were overly optimistic. The basic assumption that the majority of city residents would connect to the lawn and garden system had not been realized. Even though the board voted to reduce the interest rate from 4% down to 2%, with the final payment to the board to be made in 2036, the company stated once annual payments to the board reached \$260,000 in 2004, it would have a difficult time raising the money and would need to have the board consider once again amending the contract if adequate growth in number of lawn and garden connections didn't materialize.

STATUS: The pressurized irrigation system currently serves 2,800 agricultural acres and 365 acres (1,094 connections) of lawns and gardens; the number of residential connections is therefore currently less than half that originally anticipated, with 30-40 new ones being added annually.

The sponsor's shares are:

<u>Category</u>	<u>Number</u>	<u>Use</u>	<u>Location</u>	<u>Ann. Share Assessment</u>
A	1,315	Residential	City	\$150
B	8,659.5	Agricultural	Farms	20
C	<u>223</u>	Residential	So. Willow Estates	150
	10,197.5			

The agricultural assessment equates to \$60/acre.

After a number of years of fixed annual payments to the board, they began rising by \$10,000 annually in 1999; the scheduled 2005 payment is \$270,000 and payments increase \$10,000 each year for the following 18 years before leveling off at \$450,000. Because the increase in lawn and garden connections is not keeping pace with rising payments to the board, the sponsor states it is unable to continue making the payments.

SPONSOR'S
REQUEST:

The sponsor initially requested its annual payment be fixed at \$250,000 and that its interest rate be reduced to 0%. When staff informed the sponsor that it would recommend to the board that the current 2% interest rate not be reduced, the sponsor reaffirmed its initial request stating it would be willing to meet with the board every few years to discuss any conversion of "B" to "A" shares and whether it could pay more than \$250,000.

DISCUSSION:

For the sponsor to make payments to the board according to the current contract, either more "A" shares will be needed, or share assessments will need to be raised. The sponsor estimates that about 100 "B" shares would need to be transferred to "A" shares each year to keep up with the increase in annual payments; only 12 were transferred in 2004, however, and farmers are reluctant to sell shares unless they absolutely have to. The sponsor also feels it cannot raise secondary irrigation water rates and stay competitive with the cost of Grantsville City culinary water used outdoors.

The market value of irrigation company stock has been significantly enhanced by the reservoir and pressurized irrigation project. Further, the board's past assistance to the sponsor in modifying repayment terms resulted in a reduction in payments over the

repayment period by over \$5 million. It's also noted that many agricultural irrigators are part-time farmers who derive most of their income from non-farm sources.

Although Grantsville City could help the sponsor's financial situation by passing an ordinance prohibiting the use of its culinary water for landscape irrigation and thus constraining residents to hook onto the irrigation system, it is unwilling to do so because of financial reasons of its own. For those same reasons it does not want to significantly raise culinary rates (\$15.00 for the first 7,000 gallons and \$0.70 per thousand gallons above that).

The city currently has 2,147 culinary water customers. Staff estimates that those with lawns and gardens pay for outdoor water about half of what those on the irrigation company's system do; the company states that many city residents using culinary water outdoors are able to irrigate their lawns and gardens totally under the base rate.

STAFF
RECOMMENDATION:

The sponsor's total balance with the board of about \$9.14 million is comprised of \$8.1 million in principal and \$1.04 million in deferred interest; as scheduled the principal balance won't begin decreasing until 2012.

Staff recommends the sponsor's 2005 payment to the board be \$250,000. Following are some repayment schedule possibilities for the board to consider:

<u>Proposed/ Calculated by</u>	<u>Repayment Period</u>	<u>Interest Rate</u>	<u>Annual Payment</u>
Sponsor	2006-2041	0%	\$250,000 fixed
Staff	2006-2067	2%	250,000 fixed
Staff	2006-2054	2%	2,000 increase/yr
Staff	2006-2049	2%	3,000 increase/yr
Staff	2006-2046	2%	4,000 increase/yr
Staff	2006-2044	2%	5,000 increase/yr
Staff	2006-2042	2%	6,000 increase/yr
Staff	2006-2040	2%	7,000 increase/yr
Staff	2006-2039	2%	8,000 increase/yr
Staff	2006-2037	2%	9,000 increase/yr

Staff recommends the board adopt the \$2,000/year increase in annual payment option, meaning the 2005 payment will be \$250,000, the 2006 payment \$252,000, the 2007 payment \$254,000, and so on until the

project is paid off at 2% interest in the year 2054;
this is an 18-year increase over the currently
scheduled final payment date of 2036.

Increasing annual payments reflect increasing water
sales, conversion of "B" to "A" shares (both of which
the company says it can't predict), and inflation.

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-160***

Received: 12/7/04

SPONSOR: ***WEST CACHE IRRIGATION COMPANY***

President: Joseph G. Larsen
Box 94
Newton, UT 84327
Phone: (435) 563-5667

LOCATION: The proposed project is located near the community of
Weston, Idaho, about 21 miles north of Logan.

PROPOSED PROJECT: The sponsor is requesting assistance to replace an
elevated flume, carrying 160 cfs of irrigation water
across a 460 foot wide ravine, with an "inverted
siphon" pipeline.

WATER RIGHTS: In the name of the board.

COST ESTIMATE: \$200,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. ***E-163***

Received: 12/28/04

SPONSOR: ***STRAWBERRY HIGH LINE CANAL COMPANY***

President: Dan Throckmorton
209 East Center St.
Genola, UT 84655
Phone: (801) 754-3085

LOCATION: The proposed project is located 1 1/2 miles southeast of Spanish Fork in Utah County.

PROPOSED PROJECT: The sponsor is requesting assistance to replace a failing concrete-lined canal on a steep mountainside with a concrete box culvert.

WATER RIGHTS: The sponsor distributes 39,525 acre-feet of Strawberry Valley Project water through its system, and also has rights to Spring Creek (51-2577) and two wells (51-1488 and 1489). A limited amount of water is diverted from the creek and the wells are pumped to supplement Strawberry water when needed.

COST ESTIMATE: \$250,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. **L-551**

Received: 12/17/04

SPONSOR: **TOWN OF VERNON**

Mayor: Richard Shumway
325 South Main Street
P.O. Box 134
Vernon, UT 84080-0134

LOCATION: The proposed project is located in Vernon, about 30 miles south of Tooele in Tooele County.

PROPOSED PROJECT: The town is requesting assistance to drill and equip a culinary water well.

WATER RIGHTS: Culinary water for the town is currently supplied by Vernon Waterworks Company. The town will file for a water right for the proposed well.

COST ESTIMATE: \$252,000

Unapproved
BOARD OF WATER RESOURCES
BRIEFING MEETING
December 10, 2004

Room 314
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

BOARD OF WATER RESOURCES
BRIEFING MEETING
12/10/04 – 7 a.m.

Attendees:

Harold Shirley
Ivan Flint
Bill Marcovecchio
George Harmond, Jr.
Paul McPherson
Warren Peterson
Brad Hancock
Paul Riley

Larry Anderson
Dennis Strong
Eric Millis
Steve Wilde
Todd Adams
Gina Hirst
Tom Cox
Geralee Murdock

Others Present:

Brent Gardner

Board Chair Harold Shirley welcomed everyone to the meeting.

APPROVAL OF BOARD'S 2005 MEETING SCHEDULE

Paul Riley made the motion, seconded by Brad Hancock to approve the 2005 Board Meeting Schedule (copy attached) as amended. The Board agreed unanimously.

FLAMING GORGE WATER RIGHT

Dennis Strong stated a letter has been received from Tim Vetere requesting the Board allow him to use part of the Flaming Gorge water right on a time-limited basis for irrigation of up to 10,000 acres in the Green River, Utah area. He is asking for between 40,000 and 50,000 acre-feet.

Mr. Vetere is aware of the Board's reservation of 73,000 acre-feet of depletion for the Lake Powell pipeline. He would like the Board to allow him, on a time-limited basis to use a portion of that 73,000 acre-feet. Asst. Attorney General, Norm Johnson, has reviewed the Board statute and finds nothing that would preclude the Board from issuing a time-limited water right.

The Washington County Water Conservancy District believes it will need Lake Powell water as early as 2020. The Board could consider allowing a time-limited lease for a diversion of 50,000 acre-feet. The lease could include a provision allowing extensions on a year-to-year basis after that, if the Board chooses.

Director Anderson said he didn't know if the Board wanted to go into the business of being State Engineer. Mr. Anderson talked with Jerry Olds and asked him what he thought about the Board leasing Flaming Gorge water to Mr. Vetere. Mr. Olds has not looked into the policy, but will do so. At the present time the policy says the State Engineer can approve up to 60 acres where the applicant will put the water to use in a reasonable amount of time. Mr. Olds suggests the Board not make a decision until he reviews the policy.

George Harmond, Jr. made a motion to table Tim Vetere's request until the April Board meeting. Paul Riley seconded the motion and the Board agreed unanimously.

DISCUSSION OF PROJECTS

Ashley Valley Reservoir Company

Steve Wilde reported the company is located in the Vernal area. It is requesting financial assistance to replace 30,000 feet of mountain canal as it loses about 12,000 acre-feet of water annually. The company is requesting approximately \$1.5 million from the Board for installation of pipe. The company does not feel it can assess its culinary water shared at a higher rate than

agricultural shares and would like staff's suggested repayment terms changed. Staff feels payments should remain at \$85,000 per year at 2% interest as written.

Cedar Creek Irrigation Company

Steve Wilde reported the company received financial assistance from the Board in the past to install low-head pipe, concrete-lined ditches, and 4-1/2 miles of transmission pipeline. The company would now like to install a pressurized irrigation system that would include a regulating pond and 8.5 miles of pipeline for irrigation and stockwatering. Tom Cox said the NRCS will provide technical service and also EQIP funds to pay for the aboveground sprinklers and equipment.

COMMITTAL OF FUNDS

Leeds Water Company

Dennis Strong said the Leeds Water Company is requesting committal of funds, however the bid came in higher than expected. The project will now fall under the requirements for the C&D Fund because of the amount of funds needed from the Board. Brent Gardner, engineer for the company, said the bid was about \$6 a foot more for pipe than what was predicted. Director Anderson said with this major change the project should be re-authorized at a higher amount. The company will need to hold a stockholders meeting, and funds can possibly be committed in the January meeting.

Hanna Water & Sewer District

Director Anderson said the Community Impact Board has voted to modify its loan agreement with the district to reduce its interest rate to 0%, extend the repayment period to 35 years, defer the next three payments and resume them in 2008, and reduce debt service coverage from a current 125% down to 100%. The district is requesting the Board postpone its next three payments, extend its repayment period to 35 years, and reduce debt service coverage from 125% down to 100%. The district may default on its loan if these actions are not taken.

Porcupine Highline Canal Company

Paul Riley said the company is requesting its first payment of \$6,000 due December 1, 2004, be postponed one year because of a delay in construction. Staff is recommending this action be taken and that all remaining payments be due one year later than presently required.

Meeting adjourned at 9:00 a.m.

Unapproved
MINUTES OF THE
BOARD OF WATER RESOURCES
December 10, 2004

Auditorium
1594 West North Temple
Salt Lake City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the November 5, 2004 Board meetings were approved with suggested changes. Page 1
2. The Ashley Valley Reservoir Company project was authorized in the amount of \$1.489 million (77%) to be purchased at 2% interest with annual payments of \$69,500 over approximately 28 years. The loan and grant money from USDA Rural Development is to be in place before funds are committed to the project Page 2
3. The Board authorized the Cedar Creek Irrigation Company project in the amount of \$330,000 (88%) to be purchased with annual payments of \$15,800 at 0% interest over approximately 21 years. Page 2
4. The Leeds Water Company project was reauthorized in the C&D fund in the amount of \$1.006 million (85%) at 1% interest to be repaid over 30 years at approximately \$39,000 per year with the same conditions and easements that were included in the original authorization. Page 3
5. The Hanna Water and Sewer District bond was amended to extend it to 35 years with no payments for the next three years, resuming them in 2008, the debt service coverage to be reduced to 100%, and the interest rate remaining at 0%. The \$1.325 million loan balance will be repaid with escalating annual payments beginning at \$15,000 and ending at \$70,000. Page 4
6. The Board amended the Porcupine Highline Canal Co. contract to postpone the December 1, 2004, payment one year because of construction delays. All subsequent payments will be due one year later than presently required. Page 5
7. The Board granted funds for bond insurance in the amount of \$74,000 to Payson City. Page 5
8. Funds were granted to the Metropolitan Water District of SLC and Sandy in the amount of \$450,000 for bond insurance. Page 5
9. The Board granted \$142,500, amended the Piute Reservoir and Irrigation Company's loan agreement by providing an additional \$7,500 and to state the \$450,000 in loan funds be returned at 0% interest over approximately 21 years with annual payments of \$22,000. Page 6
10. The Board approved the Weber Basin State Water Plan for printing. Page 6

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, December 10, 2004 in the auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Harold Shirley presided over the 10:00 a.m. meeting.

BOARD MEMBERS PRESENT:

Harold Shirley
Ivan Flint
Bill Marcovecchio
George Harmond, Jr.
Paul McPherson
Paul Riley
Brad Hancock
Warren Peterson

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Randy Staker, Accountant
Steve Wilde, Chief, Investigations
Robert King, Chief, Interstate Streams
Eric Klotz, Chief, Water Education/Conservation and Use
Todd Adams, Chief, Hydrology and Computer Applications
Todd Stonely, Chief, River Basin Planning
Molly Waters, Water Conservation Coordinator
Russell Hadley, Engineer
Tom Cox, Engineer
Shalaine DeBernardi, Engineer
Marisa Egbert, Engineer
Gina Hirst, Engineer
Geralee Murdock, Administrative Secretary

OTHERS PRESENT:

Sherm Hoskins, Asst Department Director, Department of Natural Resources
Brad Nelson, Engineer, Weber Basin Water Conservancy District
Russ Donoghue, Executive Director, Rural Water Association of Utah
Jeffrey Steadman, Water Conservation Coordinator, Utah Rivers Council

OTHERS PRESENT CONT'D:

Ray Hunting, president, Ashley Valley Reservoir Co.
Michael McKee, Uintah County Commission
Russ Vernon, Engineer, Ashley Valley Reservoir Co.

Neil Sorensen, Secretary, Cedar Creek Irrigation Co.

Don Goddard, Leeds Water Company
David Stirling, Leeds Water Company
Brent Gardner, Engineer, Alpha Engineering
Roy McDaniel, Sr. Engineer, LDS Church
Martha Ham, citizen, Silver Reef
Dean R. Brown, citizen, Silver Reef
Dallin Gardner, Manager, SRH Development
Frank B. Lojko, Silver Reef

Mac Reber, Chairman, Hanna Water and Sewer District
Dixie Jones, Secretary, Hanna Water and Sewer District
Eric Todd Johnson, Bond Counsel, Hanna Water and Sewer District
Chris Meyer, Hanna Water and Sewer District
Lynn Sagers, USDA Rural Development
Keith J. Burnett, Fund Manager, Community Impact Board

Gordon White, Water Superintendent, Payson City
Bernell C. Evans, Mayor, Payson City
Jonathan Ward, Asst. VP, Zions Bank Public Finance

John Robert Carman, General Manager, Metro. Water District of SLC and Sandy
Lon Richardson, Trustee, Metro Water District of SLC and Sandy
Scott Robertson, principal, Lewis Young Robertson and Burningham

Unapproved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
December 10, 2004

Chair Shirley welcomed everyone to the December Board of Water Resources meeting.

APPROVAL OF MINUTES

Paul Riley made the motion, seconded by George Harmond, Jr. to approve the minutes of the November 5, 2004 meetings as amended. The Board agreed unanimously.

WATER SUPPLY OUTLOOK

Harold Shirley introduced Tim Bardsley of the NRCS Snow Survey Office. Mr. Bardsley is standing in for Randy Julander who is out of town. Mr. Bardsley said the snow survey office is smiling because of the recent storms throughout the state. The bad news is reservoir storage isn't in good shape in the Bear and Sevier. He said southern Utah's recent storms have added a great deal of precip in that area of the state. He said as of today (12/10) each snotel site in the state was at 100%. Mr. Bardsley said because of the soil moisture content being high the runoff in the spring should be good.

FEASIBILITY REPORTS

#E-145 Ashley Valley Reservoir Company

Chair Shirley introduced Ray Hunting, president; Michael McKee, Uintah County Commissioner; and Russ Vernon, engineer. Gina Hirst reported the proposed project is located about 20 miles northwest of Vernal. The company stores agricultural irrigation water in four small reservoirs supplied by Ashley Creek and in the larger Oaks Park Reservoir supplied by Brush Creek. Water stored in these reservoirs accounts for 1/6 of the total water supply used to irrigate about 20,000 acres of the Vernal area. Vernal City, Ashley Valley Water & Sewer, Maeser Water & Sewer, and Jensen Water, all stockholders in the reservoir company, receive culinary water through exchange of the 17% they hold in Oaks Park Reservoir.

Oaks Park Canal begins below Oaks Park Reservoir on Brush Creek. The first 3,000 feet of canal is piped, and the next 30,000 feet traverses several different formations containing fractured rock which causes annual seepage losses of about 1,240 acre-feet. The company is requesting financial assistance to replace the 30,000 feet with pipeline. Technical assistance is being provided by Engineering Services in Vernal. The total estimated cost of the project is \$1.923 million. In addition, the company is in the process of applying for a loan and grant from USDA Rural Development.

Michael McKee said the company feels it cannot charge the culinary water shares at a higher rate than the agricultural as they are all stockholders in the company; it's all common stock. Mr. McKee said, therefore, the company is requesting the annual payment to the Board be reduced to \$54,000 to be repaid at 1% interest over 32 years.

Brad Hancock made the motion to authorize the Ashley Valley Reservoir Company project in the amount of \$1.489 million (77%) to be purchased at 2% interest with annual payments of \$69,500 over approximately 28 years. Warren Peterson suggested the loan and grant money from USDA Rural Development be in place before funds are committed to the project. Brad Hancock concurred; Ivan Flint seconded the motion and the Board agreed unanimously.

#E-152 Cedar Creek Irrigation Company

Chair Shirley introduced Neil Sorensen, secretary of the company. Tom Cox reported the proposed project is located about two miles northeast of Spring City in Sanpete County. The company provides agricultural irrigation water to 600 acres. Water is diverted from Cedar Creek into a 4.5-mile transmission pipeline, which transports the water to earth and concrete-lined distribution ditches serving fields. The concrete-lining is breaking up, and loses 1/3 of its water to seepage.

The company is requesting financial assistance from the Board to install a gravity pressurized irrigation system that will include a regulating pond and 8.5 miles of pipeline for irrigation and stockwatering. Technical assistance is being provided by the NRCS in Manti. The estimated cost of the project is \$375,000. The company plans to install the small diameter pipe to raise its share of the cost. The company has obtained nearly \$200,000 in EQIP grant funding from the NRCS to purchase aboveground sprinklers and equipment.

Mr. Sorensen said it would be a true benefit to install the pressurized irrigation system rather than concrete-lined ditches, especially with the NRCS grant helping with the aboveground equipment.

Warren Peterson said the pipeline that's already in the ground has been set up to become part of the pressurized system. He made the motion to authorize the Cedar Creek Irrigation Company project from the Revolving Construction Fund in the amount of \$330,000 (88%) to be purchased with annual payments of \$15,800 at 0% interest over approximately 21 years. George Harmond, Jr. seconded the motion and the Board unanimously agreed.

COMMITTAL OF FUNDS

#E-132 Leeds Water Co.

Chair Shirley introduced David Stirling, Don Goddard and Brent Gardner. Tom Cox reported the Board authorized the Leeds Water Company project in the August Board meeting.

The proposed project is to replace two miles of unlined transmission ditch, and install approximately five miles of 12 through 4-inch pipeline in the town of Leeds to provide pressurized irrigation. The transmission ditch passes the historic Silver Reef area and some of its residents have voiced concern regarding impacts of the proposed pipeline project. Water Resources board members, water company officials, the project engineer, and several concerned residents have met to discuss the project.

The bids were opened December 9, 2004, and were higher than expected. The company is therefore requesting a higher amount (\$1.006 million) from the Board than shown in the report. The estimated cost of the project is now \$1.131 million. The company also needs to obtain a Special Use Permit from the Forest Service as 1,700 feet of the project would be on Forest Service land.

David Stirling said the company would like to request the higher amount. The pipeline is really needed. Don Goddard said the past few years have been the worst as far as receiving water through this ditch. He said the company would appreciate anything the Board could do for it.

Chair Shirley informed the company because of the increase in requested funding, due to the Board's guidelines, the project would now fall under the Conservation and Development (C&D) fund instead of the authorized Revolving Construction Fund. Funds will not be committed at this meeting due to the change in the funding programs; the project will need to be reauthorized.

Chair Shirley introduced Dean Brown, Martha Ham, Dallin Gardner and Frank Lojko of the Silver Reef area. These individuals expressed their concern with the proposed project as it would dewater the transmission ditch through the Silver Reef area, causing the vegetation and trees to die. Mr. Shirley said he had received a letter signed by 25 of the Silver Reef residents opposing the \$697,000 interest-free loan to Leeds Water Company for the purpose of building a pressurized irrigation system.

Warren Peterson said the water rights belong to the company and the Board needs to recognize this. The trees are an added benefit to the Silver Reef area, however, the policy established by the state legislature says things need to be dealt with through the market place. Mr. Peterson recommended the Silver Reef residents investigate the possibility of acquiring water rights. He made the motion to reauthorize the Leeds Water Company project in the C&D fund in the amount of \$1.006 million at 1% interest to be repaid over 30 years at approximately \$39,000 per year with the same conditions and easements that were included in the original authorization. Paul Riley seconded the motion and the Board agreed unanimously.

Chair Shirley said the project is reauthorized and recommended the company and the Silver Reef residents continue their dialogue to see if an agreement can be reached. He said everyone will not be happy, but if this cannot be worked out everybody's going to lose.

SPECIAL ITEMS

#D-983 Hanna Water and Sewer District

Chair Shirley introduced Mac Reber, chair; Dixie Jones, secretary; Chris Meyer, Keith Burnett, Community Impact Board (CIB); Eric Johnson, bond counsel; and Lynn Sagers, USDA Rural Development. Steve Wilde reported that in 2003 the Board provided \$1.371 million to the Hanna Water and Sewer District to help it build a \$4.6 million culinary water system in Hanna and Tabiona. The water revenue bond the Board purchased from the district requires the \$1.371 million be repaid in 25 years at 0% interest with annual payments ranging from approximately \$46,000 to \$65,000. There also was project funding in loans and grants from both the CIB and USDA Rural Development plus cost sharing from the district.

The day the Board authorized the project there was considerable discussion with the district guaranteeing they had enough connections signed up to make loan payments to all three lending agencies. When the project was reauthorized the district had sold 276 connections, only 245 were required. However, not all of the 276 connections were active connections, and the district is currently not selling enough water to make its payments to the three lending agencies.

The district is requesting the Board extend its loan repayment period to 35 years, defer the next three payments and resume them in 2008, and reduce debt service coverage from a current 125%, down to 100%. The CIB met December 2, 2004 and voted to reduce its loan interest rate to 0%, lengthen its repayment period to 35 years, defer the next three payments and reduce debt service coverage down to 100%. This was contingent on the Board of Water Resources approving the district's request.

Keith Burnett of the Department of Community and Economic Development and involved with the CIB, reiterated what Mr. Wilde had said regarding the CIB's decision to grant the Hanna Water and Sewer District's request.

Mac Reber said the district had a meeting and increased water rates. He said several people on standby had bought connections intending for future building; also, the people down along the Duchesne River have drilled good wells and are using their wells instead of the system. Mr. Reber said it's a good system and they know eventually they can make it go.

Brad Hancock made the motion that the Hanna Water and Sewer District bond be amended to extend it to 35 years with no payments for the next three years, resuming them in 2008, the debt service coverage to be reduced to 100%, and the interest rate remaining at 0%. The \$1.325 million loan balance will be repaid with escalating annual payments beginning at \$15,000 and ending at \$70,000. Bill Marcovecchio seconded the motion and it was unanimously agreed upon by the Board.

#E-062 Porcupine Highline Canal Co.

The Board committed \$112,000 (85%) to the company to help replace a freestanding concrete section of irrigation canal which traverses a steep and rocky hillside. Because of

difficult weather conditions in the fall of 2003, and last spring, the start of construction was delayed until last month.

The company's first payment to the Board, in the amount of \$6,000, was due December 1, 2004. Because of the construction delay, the company is requesting the Board postpone this year's payment one year and make all remaining payments to the Board due one year later than presently required.

Paul Riley made the motion to amend the Porcupine Highline Canal Co. contract to postpone the December 1, 2004, payment one year because of construction delays. All subsequent payments will be due one year later than presently required. Paul McPherson seconded the motion and the Board agreed unanimously.

#E-156 Payson City

Chair Shirley welcomed Mayor Bernell Evans; Gordon White, water department; and Jonathan Ward, Zions Bank. Dennis Strong stated Payson City wants to buy land in Payson Canyon that will benefit it in its development of its pressurized secondary irrigation system, wants to do refinancing of existing debt, and wants to replace worn out water meters with new radio-read water meters. The city is planning to sell a \$9.6 million bond, and is therefore requesting the Board provide a grant of \$74,000 to purchase bond insurance.

Mayor Evans thanked the Board for its consideration in granting funds for bond insurance. Paul McPherson made the motion, seconded by George Harmond, Jr. to grant \$74,000 for bond insurance to Payson City. The Board agreed unanimously.

#E-157 Metropolitan Water District of SLC and Sandy

Chair Shirley introduced John Carman, general manager; Lon Richardson, Trustee; and Scott Robertson, financial advisor. Dennis Strong said the district is ready to begin Phase II of its major water development and improvement project and will issue another \$90 million bond later this month. It is requesting the Board provide a grant of \$450,000 to cover the cost of bond insurance.

John Carman thanked the Board for touring the district's area in the spring, and said it had let out about 90% of the contracts on its projects and said Phase II was soon ready to begin; the district would be selling bonds ASAP. He expressed appreciation to the Board for its consideration of the application. Bill Marcovecchio made the motion to grant \$450,000 for bond insurance to the Metropolitan Water District of SLC and Sandy. George Harmond, Jr. seconded the motion and it was unanimously agreed upon by the Board.

DAM SAFETY

#C-022 Piute Reservoir and Irrigation Co.

Shalaine DeBernardi reported the Piute Reservoir and Irrigation Company is currently working on Phases II and III of the dam safety upgrade of Piute Dam. This consists of reconstructing the dam's drainage system and constructing an emergency spillway, respectively.

During construction of the emergency spillway, permeable granular material was encountered and a sheetpile cutoff wall had to be built, which increased the cost of the upgrade. The estimated cost of this additional work is about \$150,000. Staff recommends the Board continue its 95% grant and 5% loan project funding by providing a \$142,500 grant and \$7,500 loan to pay for the additional work.

Warren Peterson made the motion to provide a grant of \$142,500, and to amend the Piute Reservoir and Irrigation Company's loan agreement by providing an additional \$7,500 and to state the \$450,000 in loan funds will be returned at 0% interest over approximately 21 years with annual payments of \$22,000. Brad Hancock seconded the motion and it was unanimously agreed upon by the Board.

DIRECTOR'S REPORT

Eric Millis said the Weber Basin State Water Plan had been mailed to the Board about four weeks ago. He expressed thanks for Ivan Flint's involvement in the process of the Weber Basin Plan and for Todd Stonely, the principal author. He asked the Board members to submit any comments on the plan to him by Friday, December 17. Paul Riley made the motion to approve the Weber Basin Plan for printing. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

Director Anderson passed out to the Board members a list of the communities that are in compliance with the Water Conservation Plan Act, and those that are not in compliance. This list will be published after the first of the year. All of the communities that are not in compliance have been contacted and encouraged to submit their conservation plan before the end of the year. He said compliance is much better this year (74%) than in the past.

Director Anderson said he would be attending the Colorado River Water Users Association annual meeting in Las Vegas the next week. Ivan Flint and Sherm Hoskins would also be attending those meetings.

Mr. Anderson wished everyone a Merry Christmas and thanked the Board for the wonderful job they do.

NEXT BOARD MEETING

The next meetings of the Board of Water Resources will be January 28, 2005.

Meeting adjourned at 11:48 a.m.

Approved
BOARD OF WATER RESOURCES
BRIEFING MEETING
November 5, 2004

Room 314
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

BOARD OF WATER RESOURCES
BRIEFING MEETING
November 5, 2004

The Board of Water Resources held a Briefing Meeting on November 5, 2004 at 9:30 a.m. in Room 314 of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah.

The following were in attendance:

BOARD OF WATER RESOURCES:

Harold Shirley, Chair
Ivan Flint, Vice-Chair
Brad Hancock
Bill Marcovecchio
Warren Peterson
George Harmond, Jr.

DIVISION STAFF:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Steve Wilde, Chief, Investigations
Todd Adams, Chief, Hydrology and Computer Applications
Geralee Murdock, Administrative Secretary

Board Chair, Harold Shirley welcomed everyone to the meeting.

CHAIR'S REPORT

Director Anderson told the Board Paul Riley was absent as he recently had open-heart surgery. Mr. Anderson had visited him in the hospital and Mr. Riley was doing well. He said Paul McPherson was out of town and would also not be attending the meetings.

Harold Shirley reported he and Dennis Strong had recently visited the Piute Dam, and the repairs were coming along quite well.

Todd Adams said that during the heavy rains last week the Virgin River had a peak flow of 8,000 second feet. That is only a 1-5 year flood occurrence on the river. The Washington County Water Conservancy District (WCWCD) has the ability to divert 200 second feet in its pipeline. Director Anderson said Gunlock Reservoir is full at the present time.

Director Anderson asked Ivan Flint to report on the Water Delivery Financing Task Force. Mr. Flint said Governor Walker met with Ron Thompson of the WCWCD and representatives of southwestern Utah to discuss the Lake Powell Pipeline Project. The suggestion was made the Governor form a task force to figure out how to fund the Lake Powell Pipeline. Mr. Flint reminded them of the Bear River Development project and suggested both projects be funded at the same time. Both the Governor and Lt. Governor agreed it would be good to work on both of them together and the task force should only consider those two projects. Ron Thompson of the WCWCD will suggest names from southwestern Utah and Mr. Flint will suggest names from northern Utah to serve on the task force. Mr. Flint said they came up with 26 names, however, the Governor wants the group to be no larger than 14-16 people.

Dennis Strong said in 1991 the legislature passed the Bear River Water Development Act. The Act does not say how the money is going to be made available, and Mr. Strong feels a combined effort with the Lake Powell Pipeline is a good idea.

Director Anderson said Ivan Flint represented the Board at a Quality Growth luncheon. Ivan Flint said there were many awards given to municipalities, cities, etc. The Governor complimented everyone. The Board put the Quality Growth Community as a priority for funding and the Governor thanked the Board for doing that.

ACTIONS OF THE WATER STUDY TASK FORCE

The Task Force has developed three bills dealing with the power of the State Engineer and water rights issues. These bills will be on the agenda of the Interim Committee that meets next Wednesday. There will also be a report on the water conservation plans that are current and the ones that are delinquent. Director Anderson said he would be making the presentation. There will be a list of everyone who has completed the requirements and everyone that has not. The quality of the reports have improved, but there is still room for improvement.

DISCUSSION OF PROJECTS

Santaquin City

Steve Wilde said Santaquin City wants to build a pressurized secondary irrigation system for \$10.4 million. The Central Utah Water Conservancy District is providing a \$5 million grant over a three-year period. Staff is proposing an interest-buydown arrangement. The city will get a market loan for \$3.6 million and the Board is requested to provide \$1 million at 3% interest. Both the market loan and the Board loan will be paid back concurrently in 25 years.

Willow Creek Irrigation Company

Mr. Wilde said the b/c ratio was changed based on information provided after the September Board meeting, to staff economist Lyle Summers by the company's engineer. The engineer did not have access to this information at the September meeting when the project was first presented. Warren Peterson had five questions he wanted answered before this project was returned to the Board. Staff has worked with Warren to make sure he was satisfied with what the sponsor and Axtell Community Special Service District had done in addressing these concerns.

City of West Jordan

Mr. Wilde said West Jordan is requesting a grant to buy bond insurance. Director Anderson said the Board is required by law to provide 10% of its funds per year as a grant. He said most years it's hard to meet that requirement.

DAM SAFETY

Huntington-Cleveland Irrigation Company

Dennis Strong said the irrigation company is requesting a 90% grant and a 10% loan to fix a construction problem. The material for the pipe downstream of the dam outlet structure was not compacted properly and it failed. The Division has provided the engineer to fix the problem. The estimated cost of the repair is \$10,000.

Town of Brian Head

Dennis Strong reported the Town of Brian Head is requesting a withdrawal of its payment as it was able to get a market loan for less interest than the Board's 5%.

OTHER ITEMS

Dennis Strong said there would be three dams requesting dam safety funds in the next fiscal year. They are Mill Hollow, Miller Flat and Three Creeks.

Meeting adjourned at 11:35 a.m.

Approved
MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
November 5, 2004

Auditorium
Department of Natural Resources Building
1594 West North Temple
Salt Lake City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the September 23 and 24, 2004 Board meetings were approved with suggested changes. Page 1

2. The Santaquin City project was authorized in the amount of \$1 million to be repaid at 3% interest over 25 years. The bonded indebtedness to the Board will be repaid concurrently with the city's market loan. Page 2

3. The Board authorized the Willow Creek Irrigation Company project in the amount of \$1.048 million to be purchased in 25 years at 1% interest with annual payments ranging from approximately \$45,100 to \$50,600. The company is also to become incorporated again with all of its former shareholders or successors as current shareholders. If there are any holdouts, an agreement must be signed to allow their appropriate participation in use of the company's facilities. A copy of the agreement with Axtell Community Special Service District must be provided to the Board, stating the payments must be made as recommended for the duration of the agreement between the company and the Board. Page 3

4. The Board granted the City of West Jordan \$25,000 to buy bond insurance. Page 3

5. The Town of Brian Head project was decommitted and withdrawn from further consideration by the Board. Page 3

6. The Board provided a dam safety grant in the amount of \$9,000 and a loan of \$1,000 to the Huntington-Cleveland Irrigation Company. Page 4

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, November 5, 2004 in the Auditorium of the Department of Natural Resources Building, 1594 West North Temple, Salt Lake City, Utah. Chair Harold Shirley presided over the 1:00 p.m. meeting.

BOARD MEMBERS PRESENT:

Harold Shirley
Ivan Flint
Bill Marcovecchio
Brad Hancock
Warren Peterson
George Harmond, Jr.

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Eric Millis, Asst. Director
Randy Staker, Accountant
Steve Wilde, Chief, Investigations
Eric Klotz, Chief, Water Cons./Education and Use
Todd Adams, Chief, Hydrology and Computer Applications
Val Anderson, Engineer
Tom Cox, Engineer
Russell Hadley, Engineer
Marisa Egbert, Engineer
Dave Cole, Cloud Seeding Coordinator
Molly Waters, Water Conservation Coordinator
Geralee Murdock, Administrative Secretary

OTHERS PRESENT:

Sherm Hoskins, Deputy Director, Department of Natural Resources
Jerry Olds, State Engineer, Division of Water Rights
Mark Anderson, Asst. General Manager, Weber Basin Water Conservancy District
Darren Hess, Civil Engineer, Weber Basin WCD
Jason Lillywhite, Engineer, CH2M Hill

OTHERS PRESENT CONT'D:

A. LaDue Scovill, Mayor, Santaquin City
Shon Fullmer, City Engineer, Santaquin City
Stefan Chatwin, City Manager, Santaquin City
Larry Perkins, J-U-B Engineers
Jonathan Wass, Asst. Vice President, Zions Bank Personal Finance

A. Quay Mecham, President, Willow Creek Irrigation Company
Karl Humphrey, Board Secretary, Willow Creek Irrigation Company
Travis Blackburn, President, Axtell Special Service District
Eric Franson, Franson Noble Engineering

Lyle Summers, Council Member, City of West Jordan
Devin Zobell, Finance Director, City of West Jordan
John Crandall, Executive Vice President, George K. Baum & Co.

MINUTES OF THE
BOARD OF WATER RESOURCES MEETING
November 5, 2004

Chair Shirley welcomed everyone to the meeting

APPROVAL OF THE MINUTES

Warren Peterson made the motion, seconded by Brad Hancock to approve the minutes of the September 23, and 24, 2004 meetings with suggested changes. The Board agreed unanimously.

CHAIR'S REPORT

Chair Shirley stated he and Deputy Director, Dennis Strong, visited the Piute Dam and observed the unique construction of the dam.

WATER SUPPLY OUTLOOK

Randy Julander reported with the recent storms the water supply outlook is looking good. Reservoir storage throughout the state is about the same as it was last year. The recent storm in southern Utah was phenomenal. In Santa Clara they received ten inches of precipitation in a 48 hour period. If there are no more storms until mid-January southern Utah will be at approximately average conditions. Precipitation throughout the rest of the state is three or four times greater than what it would be normally. The soil is saturated and this will be great for runoff in the spring. Drought monitors, however, say the west is still in drought conditions.

FEASIBILITY REPORTS

#E147 Santaquin City

Chair Shirley introduced LaDue Scovill, Mayor; Shon Fullmer, City Engineer; Stefan Chatwin, City Manager; Johnathan Wass, Zions Bank; Larry Perkins, J-U-B Engineers. Val Anderson reported Santaquin City supplies culinary water from springs and wells to 1,810 connections, most of which use it both inside and outside. The culinary system runs at capacity in the summer and with the city's rapid growth rate, water systems are needed.

The city passed an ordinance requiring all new developments to have pressurized irrigation pipelines installed. This past year the city spent \$200,000 for a feasibility study of a secondary irrigation system and installation of secondary irrigation pipeline. The city's

requesting financial assistance to help construct a pressurized irrigation system initially to serve about 1,600 connections. Staff is also recommending the city install 25 water meters to be used on a trial basis to assess their workability in the system.

The project is estimated to cost \$10.4 million. Staff is recommending the Board participate in an interest-rate buydown at a total of \$1 million to be repaid concurrently with the sponsor's market loan. The city has also applied to the Central Utah Water Conservancy District for a \$5 million grant.

The benefit/cost ratio for the project is 1.67. Based on the Board's water service affordability guidelines, Santaquin City residents can afford to pay \$40.8 monthly for all water. With the proposed project in place the cost/connection/month will be \$40.86. At present the city has summer and winter culinary water rates. The city will eliminate its winter rates and adopt a more progressive culinary rate schedule once the project is functional. The proposed connection fee is \$200 at time of construction, and \$2,000 afterward.

Mayor Scovill stated Santaquin is growing and the growth rate has been as high as 13% during the last four years. He said the city is anticipating probably 400 homes to begin construction this next spring and there is a potential of 2,500 homes in total in that particular project. He said their challenge is to meet the culinary requirements of the city and, growing at the rate they're growing, they will not be able to provide culinary water for outdoor use.

George Harmond, Jr. asked the mayor if the secondary system would be installed throughout the city as well as in new developments. Mayor Scovill said yes. He said the city didn't presently have a policy requiring everyone to hook up to the system.

Bill Marcovecchio made the motion to authorize the Santaquin City project with an interest rate buydown in the amount of \$1 million to be repaid at 3% interest over 25 years. The bonded indebtedness to the Board will be repaid concurrently with the city's market loan. Brad Hancock seconded the motion and the Board agreed unanimously.

#E149 Willow Creek Irrigation Company

Chair Shirley introduced Quay Mechem, president of the irrigation company; Travis Blackburn, president of Axtell Community Special Service District; Karl Humphrey, secretary of the irrigation company; and Eric Franson from Franson Noble Engineering. Russell Hadley reported the irrigation company supplies irrigation water to about 790 agricultural acres and limited lawn and garden water to 88 homes in Axtell. The company is requesting financial assistance to construct a pressurized irrigation system to serve 1,200 acres of farmland, Axtell's existing 88 homes, and 29 additional homes projected to be constructed in the next 25 years.

Axtell Community Special Service District has made an agreement with the irrigation company wherein the company will supply the irrigation water and construct the pressurized sprinkler system, and Axtell will help repay the Board's financial assistance of \$1.048 million.

Warren Peterson said he had talked with Eric Franson, engineer; and Shawn Draney, the company's lawyer and feels comfortable with how the conditions are being met. Mr. Peterson made the motion to authorize the Willow Creek Irrigation Company project in the amount of \$1.048 million to be purchased in 25 years at 1% interest with annual payments ranging from approximately \$45,100 to \$50,600 and with the conditions established in the sponsor's responsibilities portion of the feasibility report. The company is also to become incorporated again with a substantial portion of its former shareholders or successors as current shareholders. If there are any holdouts, an agreement must be signed to allow their appropriate participation in use of the company's facilities. The sponsor's attorney must provide an agreement stating that the Axtell Community Special Service District will make the payments for the duration of the agreement between the company and the Board. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

SPECIAL ITEMS

#E-154 City of West Jordan

Chair Shirley introduced John Crandall, David Zobell and Lyle Summers. Dennis Strong reported West Jordan City is growing rapidly and the population has more than doubled since 1988. The city wants to install radio-read water meters which will allow readers to drive a vehicle with a laptop computer inside which reads the meters via radio frequency. The city is going to issue one series of bonds for \$2.6 million to fund the installation. It is requesting \$25,000 from the Board to buy bond insurance.

Lyle Summers explained about seven years ago the city of West Jordan created its first Water Conservation Plan and one of the measures of the plan was to replace all of the old meters. He said they recently found out the manufacturer had discounted the price of these radio-read meters and the city would be able to purchase and install them.

Bill Marcovecchio made the motion to grant the City of West Jordan \$25,000 to buy bond insurance. George Harmond, Jr. seconded the motion and it was unanimously agreed upon by the Board.

#L541 Town of Brian Head

The Board committed \$1.7 million to the Town of Brian Head to help upgrade and improve its culinary water system. The town received a lower interest rate on the open market, has completed the project, and does not need Board funding.

Warren Peterson made the motion to decommit the \$1.7 million and withdraw the Town of Brian Head application from further consideration by the Board. George Harmond, Jr. seconded the motion and the Board agreed unanimously.

DAM SAFETY

#C-024 Huntington-Cleveland Irrigation Company

Dennis Strong reported in 1997 the Board approved a grant of \$168,300 and a loan of \$18,700 to upgrade the Huntington Dam to meet current state dam safety standards. At the State Engineer's inspection of the dam this fall, it was determined the pipe downstream of the dam outlet structure had failed at its connection to the energy dissipater box, and although no immediate danger exists, water cannot be released until the problem is repaired. The State Engineer's Office determined the failure is a result of the dam safety repairs and the company is eligible for dam safety funds.

George Harmond, Jr. made the motion to grant the Huntington-Cleveland Irrigation Company 90% of the cost up to \$9,000 and a loan of \$1,000 to make the current repair. Warren Peterson seconded the motion and it was unanimously agreed upon by the Board.

DIRECTOR'S REPORT

Director Anderson asked Molly Waters of the Water Conservation Section to report on the communities not in compliance with the Water Conservation Plan Act. This same report will be presented by Director Anderson to the Interim Committee. Ms. Waters gave the history of the Water Conservation Plan Act and said workshops, on-site visits, and planning lectures were held at all major water conferences, and materials were made available on-line to managers that would help them write their Plans, etc. to help improve the quality of the Plans. The year 2004 is the year the plans are coming due for their 5-year update and at this time there are 103 agencies in compliance, 27 agencies are overdue with their update and 17 agencies are non-compliant. Warren Peterson reminded the Board one of the amendments to the bill was that systems with less than 500 connections do not need to submit a plan. It should also be noted the Board has required plans from everybody since 1995 that has come to the Board for funding.

Director Anderson then asked Todd Adams to report on this year's cloud seeding program. Mr. Adams said last year they ended up spending \$377,800 for the cloud seeding project and the Board contributed about 37.7%. This year the projects that have expressed interest are the Central and Southern Utah areas including Tooele County, Western Uinta Mountains, Box Elder and Cache Counties, and the Uinta Basin. The Emery Research Project will also be running three of their generators. Mr. Adams said this years project will be a little bit over \$400,000 with the Board's cost share of \$150,000.

Director Anderson said in the Board folder there is a copy of a letter sent to the Lower Basin States from the Upper Basin States requesting a time to meet to discuss what the Upper Colorado River Basin States allocation is under the Mexican Water Treaty. He said there is also a chart prepared by the Bureau of Reclamation in the Board folder showing a cross section of the salinity levels in Lake Powell from 1965 to the present time at Wahweap Marina. The concern has been that as Lake Powell begins to drop in elevation high saline waters would be released to

the Lower Basin States. This has not happened; the salinity level has been slightly elevated, but not what was anticipated.

Mr. Anderson also showed the Board the obituary of Representative Mike Noel's grandson who was killed in an automobile accident.

NEXT BOARD MEETING

The next Briefing Meeting will be at 7 a.m. in Room 314 on December 10, 2004. The Board meeting will be held at 9:30 a.m. in the Auditorium of the Department of Natural Resources Building. The Board and Division Lion House luncheon will be held at 1:00 p.m. the same day.

Meeting adjourned at 2:30 p.m.